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**THE
REORGANISATION
OF
INDUSTRY.**

BY
PROFESSOR A. C. PIGOU,
ARTHUR GREENWOOD, B.Sc.,
SIDNEY WEBB,
J. E. ZIMMERN, M.A.

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THE
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PAPERS

BY

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NOTE TO THIRD EDITION.

In publishing a third edition we have pleasure in saying that this report has met with widespread appreciation, the first and second editions having rapidly been sold out, while the demand for it shows no signs of falling off. With the exception of a small technical alteration in the fourth paper made by Mr. J. G. Newlove (general secretary of the Postal and Telegraph Clerks' Association) by desire of the author, Mr. Zimmern, the report remains as originally printed. The success of the July meeting has been so marked and the request for further Conferences so persistent that the Council of the College have decided to hold another Conference at Bradford in March of next year, where it is hoped there will be further discussion on some industrial problems of the near future, as well as on the position of agriculture in the life of the nation.

November, 1916.

H. S. F.

PREFATORY NOTE TO FIRST EDITION.

The following pages contain a report of a three days' Conference which was held in Oxford in July last to consider the reorganisation of industry, commerce, and finance after the war. A large number of delegates were present, representing Trade Unions, Trades Councils, Co-operative Societies, the Club and Institute Union, and other Labour organisations. A considerable number of visitors also attended.

The Conference was convened by Ruskin College in the belief that the time had come for more definite thinking by the Labour movement upon the problems which Labour will have to face when peace comes, and in the hope that a full and frank discussion between recognised students of industrial questions and well-known representatives of Labour might help towards the formulation of a national policy.

The four papers which were read are here printed verbatim; these were followed by discussions, which it was hoped might also have been reproduced in full. Owing, however, to the increased cost of printing it was unfortunately found to be impossible to give more than a brief abstract of the discussions if the book were to be published at a price within the reach of all.

The College does not hold itself responsible for the opinions expressed, but only for the calling of the Conference and for the publication of the report.

It is hoped that the book, whilst bringing back to the delegates who attended the Conference pleasant memories of three summer days at Oxford, may also be of use to the Labour movement and to the public generally.

H. SANDERSON FURNISS,
Principal of Ruskin College.

Oxford, August, 1916.

THE REORGANISATION OF INDUSTRY.

AN ACCOUNT OF PROCEEDINGS AT THE CONFERENCE
OF WORKING-CLASS ASSOCIATIONS HELD IN OXFORD
ON JULY 21st, 22nd AND 23rd, 1916.

FIRST SESSION.

The Right Hon. C. W. Bowerman, M.P. (Chairman of the Council of Ruskin College), who presided throughout the Conference, opened the proceedings by thanking the Provost and Fellows of Oriel College for being good enough to place their Hall at the disposal of the delegates, and went on to say that the Council of Ruskin College took up the matter of the Conference with a certain amount of hesitation. They felt they were embarking on an experiment at a very difficult moment. It was a little doubtful as to how the invitation to the Conference would be accepted, but when he looked round the hall and saw representatives of a large number of organisations, some of them from long distances, it seemed to him the success of the venture was assured. Fifty-two societies were represented by a total of 82 delegates. The Council of Ruskin College felt highly gratified at the response.

When one looked at the readiness with which people had adapted themselves to a period of warfare, it was a very natural question to ask whether, when the war was over, men's and women's minds would as readily adapt themselves to matters arising out of the war. Not content to wait until they were fully faced with difficulties, they had convened the Conference to consider them now. They should try, as far as their minds and knowledge would permit, to anticipate those difficulties and suggest some things that might be done. That object would be the keynote of the Conference.

He had a telegram from Mr. Mactavish, the secretary of the Workers' Educational Association, conveying all good wishes for a successful Conference.

THE DISORGANISATION OF INDUSTRY, COMMERCE, AND FINANCE : THE PROBLEMS TO BE FACED.

A Paper Read by Professor A. C. FIGOU.

An economist is expected, I imagine, to be chiefly interested in the economic aspect of social events, and in the economic wreckage wrought by the war he has a subject to his hand. But I at least wish to say—I will not begin a discussion on these matters without saying—that the economic wreckage now going forward, immense and unprecedented though it be, is to my mind trivial and insignificant in comparison with the human and moral wreckage—the mangled bodies of men, the shattered fabric of ideals—with which it is so fatally accompanied. It is not the business of this Conference to discuss these things, and I do not propose to discuss them. But it is not right that we should come to debate our lesser economic problems without a memory and a word for their terrible setting of blood.

The principal topic which I wish to put before you for discussion is the probable after-effect of the war upon the economic condition of the wage-earning classes in this country. In studying that matter it is well to distinguish two things: what will happen during the process of adjustment when peace conditions are taking the place of war conditions, and what will happen afterwards, when the adjustment has been made and the economic world has once more returned to a comparatively stable state. These two questions are different and can most conveniently be discussed separately. Let us begin with the period of transition.

The general nature of the economic change that will take place when peace comes is plain enough. When war broke out in August, 1914, the signal was given for a tremendous transference of all sorts of activity—brain-power, hand-power, machine-power—from the ordinary processes of peace to entirely new functions. The community came to need with an urgent and unparalleled intensity, and the need has grown continually ever since, the services of soldiers, sailors, makers of munitions, and many other groups whose work indirectly serves the purposes of war. At the same time, because all intercourse was stopped with one of our most important customers, the normal course of our foreign trade was violently disturbed. As a result of these two influences, but especially, of course, of the first, the distribution of this country's energy among different forms of activity is now altogether different from what it was before the war. We have an enormous Army and enormous establishments for making munitions. Nearly all the other industries, except a few that are

directly connected with war work, have been drawn upon for men and have much contracted their operations. The extent of the contraction is, of course, different in different cases. Where there is a large Government demand to supply, as is the case among bootmakers, it may be relatively small. Where the private demand has been cut down in an exceptional degree owing to mobilisation, as is the case among builders, it will be relatively large. But from the present point of view it is not the exact nature, but the fact, and the immense aggregate size, of the change which has taken place in the occupations of the people that is significant. When peace returns the new industrial formation that has developed to meet war conditions will not be maintained. We shall no longer need this enormous Army and this enormous array of makers of munitions. It is not, indeed, to be expected that the distribution of people among different industries will again become exactly what it was before the war broke out. In certain respects, whether or no a system of tariffs upon imports is introduced, the character and extent of our foreign trade are bound to be different. Furthermore, industries whose products are of such a sort that, during the war, people have been able to postpone their demands for them will probably expand relatively to others. But, though the peace formation of industry after the war will differ considerably from what it was before the war, it will certainly differ to a very much greater extent from the war formation as it exists at present. Inevitably, therefore, an enormous amount of movement must take place from the occupations in which people are engaged now to those other and different occupations which will become appropriate for them when conditions of peace return. What will be the economic condition of the wage-earning classes while this process of transition is taking place? Will there be a prolonged period of chaos, unemployment and distress, or will the change be accomplished smoothly and with speed?

Anyone trying to answer these questions naturally looks, in the first instance, to what happened when the original transition from the old peace state to the present war state took place. We all know that the outbreak of war was followed by an interval of shock, confusion and uncertainty. It was impossible that the country should adapt itself instantaneously to conditions so greatly changed. The Foreign Exchanges broke down, the banks and the Stock Exchange fell into great difficulties and needed Government help; a large number of workpeople were forced to work short time or were thrown out of employment altogether. But this period of transition was very much shorter than people at first expected that it would be. Various Government Departments made elaborate preparations to meet distress from want of employment, but found, after a few weeks, that in the general body, at all events of men's industries, employment had completely recovered from the shock, and that there was no need to

carry into execution the plans that they had prepared. In an extraordinarily short time the business and industrial community had changed front and altered its formation in conformity with the new conditions. As the war has progressed the conditions have themselves continually developed. More and more men of military age have been wanted for the Army; more and more people and machines for the production of munitions and the operations of transport. But these later developments have involved no new dislocation leading to unemployment. In a rough general way industry adapted itself to the state of war during the first few weeks, and it has remained adapted to that state, conforming immediately to all later developments, throughout the months that have followed. This remarkable power of quick adaptability belied, as I have indicated, the expectations of many people of authority. The pessimistic view then proved false; the transition was made with relatively little difficulty or distress. What more natural than the impression that, as regards the second transition which peace will make necessary, the pessimists will again prove wrong and a smooth and easy adjustment will be made?

Those, however, who look at the situation a little more closely see reasons for not building too much upon the analogy of what happened after war broke out. There are several important differences between a transition from peace to war and the reverse transition from war to peace. First, when war is declared, an entirely new and additional set of wants is created, and there is no equivalent destruction of old wants. War conditions, therefore, involve a greater aggregate amount of work and a smaller aggregate amount of leisure than peace conditions. This is proved by the fact that, at the present time, a great number of women have come into industry who would not ordinarily have been employed there; many elderly men have remained in industry who would, in the ordinary course, have retired; and much more overtime than usual is being worked. When peace returns, however, it may be expected that the special war wants—for military service, and so on—will be greatly reduced, and this reduction will only be offset to a very slight extent by the revival of the much smaller volume of wants that the war temporarily destroyed. Obviously, unemployment and distress are likely to be more serious when a state of greater activity is giving place to a state of less activity than they are when the opposite kind of change is occurring. Secondly, when war broke out, the principal opening for men falling out of industry, namely, service in the Army, was of such a sort that it could make itself effective with very little delay. When peace returns, however, the many different openings for men leaving the Army and munition works will be related to one another in so complicated a way that some of them cannot become effective till the others have already been satisfied. Finishing industries, for example, will not be

able to get to work till the raw material necessary for their conduct has been provided. This consideration makes it probable that, at the new transition, unemployment in men's industries will not be the brief and unimportant thing that it was at the beginning of the war, but will resemble rather the more serious and prolonged unemployment that occurred at that time among women's industries. Thirdly, when peace gave way to war, the opening for work in the Army was obvious, and everybody knew all about it. At the return from war to peace the new openings will be exceedingly various. Information as to what trades and places are in need of workpeople and what are not will not, as it were, be in the air for everybody to gather. So far, therefore, as organisation is lacking, a certain amount of extra unemployment is likely to exist simply because discharged soldiers and their would-be employers fail for some time to get into contact with one another.

All these considerations suggest that the transition from war to peace may, unless the danger is foreseen and guarded against, involve grave injury for many members of the wage-earning classes. It is not my business in this paper to discuss what the Government might do in the way of preventive and remedial measures. But it is perhaps worth while to make one or two general remarks on this subject. First, there exists already in this country an organised system of Labour Exchanges. It is plainly desirable that the utmost possible use should be made of these Exchanges in giving information and guidance to workpeople on their way back to ordinary industrial occupations. I am myself inclined to think that a law should be passed, to be operative, say, for one year after the declaration of peace, putting some sort of compulsion upon both employers and employed to have recourse to these Exchanges more generally than they do at present. Secondly, it is quite plain that what is really wanted is to get workpeople back into ordinary industry with the greatest possible speed. Therefore, any schemes, however well-intentioned, that seem likely to delay this return must be looked on with grave suspicion. I have heard it suggested that munition-making firms should be kept at making shells for three months after the war has stopped so as to tide over the difficulties of the transition time; any policy of this kind would, in my opinion, be both wasteful and injurious. Thirdly, it is clearly not to be thought of that our soldiers and munition workers should, on their return from war service, be thrown into distress through inability to find work at industry immediately. Liberal arrangements must, therefore, be made—and this matter is engaging the attention of the Government—for their adequate maintenance while they are in the process of return to industry. Such gap as there may be between their service with the forces or at munitions and their resumption of the activities proper to peace must be made to take the form, not of an anxious period of

unemployment, but rather of a well-earned holiday at the expense of the State.

This finishes what I have to say about the period of transition, and I turn to the other half of my subject, namely, the probable effects of the war on the economic condition of the wage-earning classes when the period of transition is over and things have again settled down. It is plain that these effects must depend in part upon how far the money required for meeting the interest upon War Loans is raised by direct or indirect taxation of the wage-earning classes. Before the discussion is finished, therefore, something will need to be said upon that matter. For the present, however, I shall leave it aside and shall consider what the situation would be if there were no need for extra taxation.

It is a truth universally accepted among economists that, other things being equal, any reduction in the amount of capital in a country injures the wage-earning classes by diminishing the real rate of wages—that is, the rate of wages expressed in terms, not of money, but of the things they want to buy with money—which they are able to earn. Capital in this connection means, of course, such things as plant, factory buildings, rolling stock, and machinery, with the help of which labour is able to render those services which employers wish to purchase. If plant and machinery is diminished in quantity, labour will not be so effective, and, therefore, the rate of real wages offered for any given amount of it will be lower than before. This proposition is well established among economists. What bearing does it have upon the probable position of the wage-earning classes when the war is over?

It is a very common thing to hear people speak of the enormous destruction of capital for which the war is responsible. And, no doubt, it is true that in those parts of Europe where actual fighting has taken place the destruction has been enormous. But in our own country the case is different. The ordinary capital establishment of industry, our railway works, coal mines, buildings, and machinery cannot, generally speaking, be sent out of the country in such a way as to be directly destroyed by war; whereas the injury to which they can be subjected here by Zeppelin attacks and coast bombardment is, compared with their total value, of quite negligible importance. Practically then, except in the single case of ships, no significant direct destruction of British capital has occurred, or, so far as can be foreseen, is likely to occur. But this does not end the matter. Plant, buildings and machinery, unless they are continually repaired and renewed, become worn out with use. It has been estimated that, if capital establishment generally is to be maintained in full efficiency, about one-tenth of its total value has to be spent every year on repairs and renewals. In so far, therefore, as the need of paying for the war has caused the business community to cut down expenditure upon these things, our capital establishment will be smaller after the war than it was before. In fact, however, this kind of economy

is among the last that business men would attempt. The war has been paid for chiefly by extra work, by economy of consumption, and by borrowing (in effect) from the United States. Some part of our capital establishment has, no doubt, been let down a little. But there is good reason to believe that, up to the present at all events, the net reduction has been very small. So far, therefore, there is no ground for supposing that the real rate of earnings obtainable by the wage-earning classes will be any lower after the war than it was before.

But we have still to take account of another circumstance. The retention of the volume of capital in the country at its old level only enables the old real rate of wages to be kept up, provided that the numbers of those who offer work for wages is not increased. If this number is increased, real wages will fall unless the volume of capital is also increased to a corresponding extent. Now, in the ordinary course of events the number of wage-earners expands every year. The rate of expansion in this country has recently been about 1 per cent. per annum. Consequently, except in so far as the war prevents this normal expansion, the mere retention of the capital in the country at about its old volume will not really suffice to maintain the pre-war condition of the wage-earning classes. In fact, however, the war has checked, is checking, and will continue to check the expansion of the wage-earning population. There is the certainty of heavy casualties, both in killed and in permanently disabled, and there is the high probability that, when peace returns, a large number of men, who have become accustomed to life in the open air, will wish to emigrate. Against this, it is true, should be set the fact that a large number of women have learned during the war that they are well fitted for industrial occupations, and that a fair proportion of them will, no doubt, wish to remain wage-earners when peace returns. It is also to be remembered that during the war many persons who would normally have emigrated have not, in fact, done so. On the whole, however, it seems unlikely that the wage-earning population will be appreciably, if at all, larger after the war than it was before. We may look to see pretty much the same number of people confronted by pretty much the same amount of capital. If this expectation is correct, the average real rate of wages over industry generally is likely to settle down after the war at something very like the level at which it stood before the war broke out.

This general forecast needs three comments. In the first place, it refers to real wages and not to money wages. What will happen to money wages it is impossible to foresee. These will largely depend on the policy of the Governments and banks in a great number of countries in regard to currency problems. If the policies adopted are of such a sort as to make prices high, a much larger money wage will be needed to yield a given real wage than will be needed if prices become low. My forecast is that real

wages will be about what they were before, and that money wages will stand at such level as proves necessary to bring about this result. Secondly, the forecast refers to the average level of real wages generally and not to the actual real wages of any particular trade. It is practically certain that some industries will experience a relative boom and some a relative depression. These things must be reflected in their wage-rates. The circumstances of particular industries cannot be foreseen without special and detailed study. It is about the average only that I am venturing to prophesy. Thirdly, it is obvious both that my forecast is highly speculative and disputable, and also that it tacitly assumes the return of peace to be not indefinitely distant.

At this point, before passing to the problem of taxation, I should like to make a brief digression. One of the principal dangers, with which the country will be faced when peace comes, is that of disputes about wages between employers and employed. If these disputes result in widespread stoppages of work, the restarting of the country's ordinary economic life will be greatly hindered and delayed. It is, therefore, of extreme importance that, if possible, such stoppages should be prevented. In order to prevent them recourse will, no doubt, be had to various forms of machinery—informal discussion, mediation, conciliation, arbitration. Unless, however, there is some common basis upon which negotiators on the two sides can agree, it is to be feared that they will often fail to reach a settlement. I suggest that the necessary common basis may be derived from the forecast that I have tried to set out. If general conditions after the war are going to be such that the pre-war level of real wages will, on the average, tend to come about, then that pre-war level will provide a suitable basis of discussion between employers and employed in those industries in which there are disputes. This does not, of course, mean that the settlement eventually come to in each individual case should embody the pre-war rate of real wages there. Special circumstances in particular industries will, no doubt, make departures from that rate appropriate. But, if only both sides can be persuaded to take the pre-war real rate as a basis of discussion, the danger that the return of international peace will involve the outbreak of industrial war will, I believe, be very greatly reduced.

Let us now return to the main argument. So far I have discussed the probable economic position of the wage-earning classes after the war without reference to the effects of the war debt. It is quite plain, however, that this debt will be of enormous size and that very large sums will have to be raised by taxation to pay the interest on it. In so far as these sums are taken from the wage-earning classes their economic position after the war will be correspondingly worsened. Of course, if everybody in the country had taken up War Loan stock in proportion to their income, and if the money to pay interest on it were collected by a tax proportioned to income, no real difference would be made

to anybody. Everybody would receive back in the form of interest the money he contributed in taxes to pay the interest. As a matter of fact, however, the wage-earning classes have not subscribed to the War Loans in anything like the same proportion as the richer classes; they had not the margin of income from which to do it; the thing was out of the question. In real life, therefore, taxation upon wage-earners to pay War Loan interest is taxation, by far the greater part of which will be paid over, not to them, but to other people. It is here that the vital issue of post-war finance lies. We shall be told, no doubt, by people who write in newspapers that the great problem will be to find new sources of taxation from which to meet the swollen needs of revenue; and in this connection much will be said of the great untapped source of protective import duties. That is all secondary—an obscuring of the main issue. There are no new sources of taxation. There are new channels of taxation, but the only important source of taxation is the income of the people of the country. By manipulating the channels of taxation it is not possible to shift from the country any significant part of the charge. It is only possible to affect the way in which the charge shall be shared by different classes. Generally speaking, indirect taxes, whether import duties or others, are predominantly borne by the poor; direct taxes by the rich. The fundamental problem of post-war finance is to decide what proportion of War Loan charges it is right that the wage-earners should bear, and, in the light of that discussion, to judge between practical schemes. But that problem it is my business to-night to state and not to try to solve.

QUESTIONS.

Mr. SHAW (Weavers' Amalgamation): In suggesting that employers and employed should be compelled to use the Labour Exchanges after the war, does the Professor mean that compulsion should be applied in such a way that both employers and employed should be compelled to register and to give and take work in accordance with the situations offered or vacant? Do you intend to suggest that workers should be compelled to give their names in and be compelled to accept a job?

Answer: No. My meaning was that employers should either be compelled to take on the hands they wanted through the Labour Exchange, or, if they were taking men on directly, to notify the Exchange of each person they employed. In order to get the Labour Exchange in touch with both sides the Exchange should be notified by employers of those who immediately get work; the men might be induced to register by paying part of their war gratuity through the Labour Exchange.

Mr. EMBLETON (Printing Machine Managers) asked the lecturer by what means he arrived at his idea that emigration is likely to have the effect of balancing labour with capital after the war to the pre-war condition? Was it the agricultural population who had enlisted who would emigrate and their places be filled by industrial men, or would the Professor lead us to believe that men will naturally desire to emigrate to the colonies, and so make the balance which he tells us is likely to take place?

Answer: The statement is somewhat speculative. Firstly, people will have got accustomed to living out of doors, and some of them will want an out-of-doors life. Secondly, they will have met colonials who will tell them of the better wages they get, and they will not always realise that part of the wages is balanced by higher cost of living.

Mr. BISPHAM (Operative Printers and Assistants) said the Professor had stated that after the war there would probably be labour troubles, and that these would have to be met by conciliation and arbitration to prevent strikes. Who would he suggest should set the machinery in motion for settling these disputes? A large number of workers are organised, but a very large number are unorganised. How would the prevention of strikes be brought about?

Answer: There are many schemes, and in a great number of industries there exist voluntary forms of machinery. My view is that before the end of the war the Government should pass an Act like the Canadian Industrial Disputes Act, referring to the principal industries of national importance, which would provide further machinery.

Mr. ARGYLE (Club and Institute Union): In reference to the transition of labour after the war and to the hardship caused unless some preparation is made, would not one good method be for the Government to take some action with employers for taking men back?

Answer: It is merely a question of policy. As an example, a law has been passed in Italy whereby all employers employing more than a certain number of men are compelled to take their men back as they leave the colours if the men offer themselves.

Mr. DALLAS (Workers' Union) asked if the Professor thought there was not more capital in the country to-day than there was before the war, and would not that increased capital affect wages at the close of the war? Secondly, he asked for enlightenment on the statement that the cost of the war up to the present had been paid for by increased production through overtime.

Answer: I agree that the machinery laid down in munition works would have to be set against the loss of other machinery, but I think that there is not actually a larger quantity in the country now

than before. Regarding the second question, the war is being paid for, first by more work being done by women, old men in industry who would have retired, and children leaving school earlier, and by overtime; secondly, by restriction of consumption and investment; thirdly, by borrowing from abroad.

DISCUSSION.

Mr. ROBERT YOUNG (General Secretary, Amalgamated Society of Engineers):—

Professor Pigou has stated the problem that we have to discuss to-morrow and on Sunday. I want to say that I disagree with very little as he has stated it, yet perhaps on one or two points there may be slight difference of opinion. I want to-night in the short time at my disposal to state the problem also in a little more detail.

It is true that at the present moment there is a large amount of employment in the country; many workers are intensely busy, and a large number of people are earning considerably more than they would earn in pre-war times. But in discussing this question I wish it to be remembered that the main industries of this country are not employing more workpeople now than before the war, with probably the exception of the metal industries, and those employed in our arsenals and dockyards and chemical factories; all other industries are employing fewer people. That, of course, arises owing to the fact that a very large number of people have enlisted and there have been a considerable number of transferences from one industry to another. I am under the impression that it would be true to say that something like three and a-quarter million of the people employed in the main industries of our country have enlisted, that probably a million men or over of those who have gone out of certain industries have been made good by the introduction of other people into those industries, and over and above that there have been introduced into these industries an increase of 600,000 to 700,000 female workers, leaving, as I suggest, a smaller number of people employed in industry than there were before the war. When peace is declared I presume that there will be as far as possible a rapid demobilisation. I know that there are those who argue that demobilisation should be slow, but I do not think that that is practical, and I want to give you my reason for saying so. The soldiers will be brought home from the front and dumped down in this country, and it will not be possible to retain them as soldiers simply going through routine work, drill, and so on. They will be discharged, I think, as early as possible, and that will add to our difficulties.

Furthermore, in their discharge, it will not be the case, as has been suggested—and with this, I think, Professor Pigou

agreed—that a very large number of men who have their employment guaranteed to them will be returned to this country in the first instance. I do not think that policy will be possible to a great extent. The men who have enlisted are scattered all over the world, and, being in various parts of the world, it would be difficult to get particular sets of men returned. For instance, men are joining at the present moment in the various regiments. If we could bring these regiments back intact it might simplify our problem to a considerable extent, because many of the men in these regiments in various localities of the country, more or less, belong to the same industry, but we must not forget that on the various fronts these regiments are being broken up and the men put into new formations. This makes the problem very difficult.

I suggest that our difficulty is this, that in the early period after the war we are going to be flooded with a very large number of soldiers, and I agree with Professor Pigou that something must be done to give them something in the nature of a well-earned holiday until the munition workers who are at present employed are transferred to the occupations from which they came. We should not forget this fact, that there will be a great deal of trouble taken to get the soldiers speedy employment. There are existing agreements at the present time which guarantee to men who have gone into other industries that they are to have a prior claim when they return to their former place of employment; that must be arranged by some kind of machinery. I want to say, then, that slow demobilisation, while it is desirable, is probably not practicable from the military point of view; it is much more likely to be rapid, and as a result our difficulties will be considerably increased. That will be one thing we shall have to watch.

Many of the soldiers who return will be more or less disabled, and if we are to prevent Labour troubles we shall have to ensure that pensions which are given to soldiers are not utilised by employers of labour as a subsidy to make up a reduction of wages. Whenever a pension is given to a soldier, if he is employed in an industry where he was before the war, I presume Trade Unions will insist that he shall receive the same rate of pay apart from his pension, and I am anxious that this should be kept in mind. Also many of the women now working in industry will want to remain. If they do remain, they will probably only be allowed to do so—if industrial trouble is to be prevented—when those men who have a prior claim to employment have found it.

Professor Pigou has suggested that when we come to demobilisation the Labour Exchanges should be utilised. Some sort of organisation will have to be utilised, and I agree that all employers of labour should send to the Labour Exchanges a full record of their requirements and a full list of the men to whom they have

guaranteed employment; but I am not anxious that the man who has been guaranteed employment should have to go to the Labour Exchanges. He should go direct to his employer, and the employer of labour should inform the Labour Exchange when the position is filled, the idea being that some Government body shall know exactly the number of vacancies there is to be filled one way or another.

I was interested and I am pleased to hear that Professor Pigou thinks that a real basis for discussion and for agreement to prevent much of our trouble would be by getting as far as possible to the real value of the wages paid prior to the war. In this connection I trust the organised Labour movement of this country will insist on being recognised at these discussions after the war as much as they have been during the war, and more so if at all possible. It is absolutely necessary that we, as organised Labour, should have a say in these problems when the time comes to readjust these matters after the war.

I do not want to take up very much of the time, but I do want to say a few words on one point which Professor Pigou has referred to, viz., taxation. It will be perfectly true that, even if we get back to the real value of our wages prior to the war, and the workers are taxed indirectly through any form of taxation other people care to impose, then the position of the workers will be more serious than it was before the war. I think the workers in this country ought to be alive to the fact that all indirect taxation is likely to hit them much more severely than a new form of direct taxation, and I hope that if these heavy costs have to be paid that they will be paid in such a way that the workers of the country—especially the lower-paid workers—will be exempt from a good deal of the direct and indirect taxation, and that there will be heavy graduated taxes on those who are able to pay.

To summarise, I think that what is necessary to secure industrial peace after the war is that the arrangement suggested regarding a common basis between employers and employed upon which to work shall be striven for. Also that steps be taken to secure after the war a plentiful supply of cheap food, and a plentiful supply of raw materials, so that the industry of the country may forge ahead. Again, the Government of the country in tackling these problems must realise the importance of seeing that all agreements which have been entered into are honoured to their fullest extent. It would be a calamity for this country if when this war is over there should be a series of big industrial disputes; it would be bad for the country as a whole and, I believe, bad for the workers themselves. It is necessary, then, that all agreements entered into shall be honoured, and that after those who have a prior claim to their jobs have been reinstated those who are out of employment should be catered for and paid

at the Trade Union rate to which they are entitled. There will probably be 3,000,000 men coming into the country from abroad who will be released from military service, and who will be clamouring for their jobs, as they will not want to continue as soldiers. Their first inclination, I am sure, when they come back will be to get home, and if emigration is going to help us at all that will only come some considerable time after the peace settlement.

Mr. WATKINS (Plymouth Co-operative Society): The Professor has said that the capital of the country has not been reduced, and I suggest that the labour power of the country has probably been increased; the men in the Army will not, to a great extent, lose their productive powers; the women left behind have increased the labour power available to this country. I suggest, therefore, that after the war the national income will not be decreased but increased, except for the part we have to pay in taxation to meet the demands of the war, and I want the workers to look at the problem from this point of view. We really come back to the old question which has vexed our minds before the war—how much of the national income is to go to those who create it, and how much to those who “Toil not, neither do they spin”?

Mr. DALLAS (Workers' Union): Pre-war conditions will not be good enough for a very large section of the working classes. The members of the society I represent are generally unskilled labourers, and their share of the wealth before the war was not enough. I have to-day been in the midst of the Cotswold Hills. Some of the men there have had to support wives and families on from 13s. to 16s. per week. Are these men coming back to that after the fighting and the unparalleled sacrifice they have made? I say, emphatically, no! It would neither be right nor moral.

Mr. HOLMES (Portsea Island Co-operative Society): I would like to ask Professor Pigou what in his opinion would be the probable effect after the war on the capital of this country of the amount of money we have loaned to Allies. Shall we benefit by what we have loaned by having increased work or cheaper food, or shall we be in the position in which we were after the Peninsular War, that much of the money which we loaned to those who assisted, or pretended to assist, this country has never been paid back to this day? Shall we be in this position, or shall we benefit by a return in kind from those countries which we have assisted? I take it they are loans, not gifts.

PROFESSOR PIGOU'S REPLY.

With regard to loans to Allies, I do not think that the result has been quite correctly stated. After all, the loans are probably less than what we have sold abroad in the way of securities, so that, although we have loaned to our Allies, we have in fact

borrowed from America more than the amount of the loans, so that the indebtedness to us from abroad after the war will almost certainly be less than before.

Then with regard to the basis for wage adjustment, which is rather a fad of mine, it was objected strongly by one speaker that that would not do, because certain workers, particularly in low-paid industries, would in that way not be getting a good enough return. The adoption of the pre-war real rate as a general basis for discussion would not exclude special arrangements with regard to low-paid workers, and it is quite compatible with my idea that in the case of a particular group of workers whose payment is very low the representative of the group should say, "Here is your general basis, but in this particular class wages before the war were too low." I think this might meet one objection.

SECOND SESSION.

HOW READJUSTMENT MAY BE FACILITATED AFTER THE WAR.

A Paper Read by Mr. ARTHUR GREENWOOD, B.Sc.

The limits of time and the complexity of the subject make it impossible to do more than merely indicate some of the steps which might be taken when the war comes to an end to bridge the gap between the days of war and the days of peace, and to clear the way for an industrial system, based on the principles of justice and liberty.

The transference of our whole national life from a peace footing to a war footing was a complicated process of tremendous magnitude. It was not accomplished without severe jolting and shaking; nor could it be carried through without far-reaching innovations. With the continuance of the war the country was more thoroughly organised for war purposes, under the imperative pressure of national necessity.

The return from a war footing to a peace footing will be in some ways a much more complicated business than we had to face at the beginning of the war. During the period of the war almost everything has been sacrificed to its prosecution. No step was too great to be taken, no inroad on personal liberty too large. Military conscription and industrial compulsion under the Munitions Act on the one hand, the limitation of profits and State control of privately owned factories on the other, are illustrations of the length to which even a conservative nation will go in time of war. The spirit which animates a country when it is assailed from without need not persist when the immediate danger is over, though there may be danger from within. Our patriotism is so elemental that whilst all the virtues are quickened at the approach of a foreign foe, and great sacrifices made cheerfully, it is but feebly stirred when confronted with the gravest problems at home. In all probability the zeal and enthusiasm of war time will be more or less dissipated and our national ardour cooled when face to face with the sombre and less spectacular problems of reconstruction. Not only so, but the reaction after the war may prove to be a formidable obstacle. The people of this country have undergone great nervous strain, and there has been a prodigal expenditure of energy. These things are inseparable from the waging of the great war, and they will continue to be borne more or less cheerfully until the immediate national purpose is fulfilled. But once the war ends, reaction is

almost inevitable. There will be a tendency limply to relapse into quietude, to accept what gives the least trouble, to be satisfied to be left alone. I do not believe that this reaction will affect everybody equally, nor will it damp the enthusiasm of those whose eyes are fixed on social regeneration. It will, however, make the work of reconstruction infinitely more difficult, unless the experience which has been gained during the war period kindles among people a strong desire for justice and freedom sufficient to counterbalance the tendency to let things drift.

One further general factor needs to be mentioned which adds difficulty to the problem of industrial reconstruction. Many new strands are being interwoven into the industrial fabric, and at the end of the war the structure of industry will be a combination of the old and the new—part of the latter firmly incorporated in the system, part of it clinging precariously to the industrial structure. It will be extremely difficult to understand the action and reaction which has taken place between the old and the new, and to discern which is good and which is evil. The task of re-establishing normal industrial life will, therefore, be difficult, and if the period of transition is to be as smooth as possible, and at the same time steps of permanent value taken, we shall need greater wisdom and a greater degree of open-mindedness than has hitherto been shown in our national treatment of industrial problems.

Before discussing the measures which might be introduced to deal with the industrial situation at the end of the war, it is necessary to observe the changes which have taken place during the war, and to attempt an estimate of the circumstances likely to obtain when the war ends. The effect of the war on industry was to draw from the labour market an ever-increasing number of workers, and to make greater and greater demands on industry for the maintenance and equipment of the military and naval forces of this country and its Allies, and for the satisfaction of the needs of the civilian population. With less labour, and in face of an imperative demand for all the paraphernalia of war, the economic system was compelled to adapt itself to new circumstances. The pressure put upon it resulted in considerable changes. Capital, management, and labour alike reacted to the new demands upon them.

The shortage of labour inevitably drove capital to make itself more efficient. Certain types of machinery already used to some extent were more widely used; new machines or new modifications of old machines were devised; new attachments to machines were introduced in order to render possible the use of new labour. New plant was laid down and new buildings erected.

The management side of the economic system—previously over-staffed and underworked—reorganised itself on a basis of greater efficiency. It sought to bring to the use of labour new forms of

capital; it developed the sub-division of labour with the object of utilising the available workers as efficiently as possible and increasing output; and rearranged processes and workshops for the same end.

The effect of war conditions on Labour needs somewhat closer examination. The Government made a general appeal to the people of this country to bend their energies to the successful prosecution of the war; to Labour it made a special appeal. Capital had not gone to the war; the management side of industry was depleted, though sufficient people with ability and experience remained at home; but workers had enlisted in hundreds of thousands. It was seen that unless Labour's contribution to production was not only maintained but increased, the prosecution of the war would be impossible. How was it possible to enlarge the output of labour? The existing supply of workers employed on meeting the needs of war time might work harder and for longer hours; workers might be transferred from one kind of employment to another, and semi-skilled workers might be used for certain kinds of skilled work; lastly, new labour might be introduced by the entrance into wage-earning work of people who had not been employed before or had previously left industrial life. Such changes could not be undertaken without the co-operation of Labour, hence the appeal to the Trade Unions to give up their most cherished achievements. It was ultimately agreed that Trade Union regulations should be set aside. This enabled Trade Unionists to work harder and for longer hours, but it also made possible the "dilution of labour" and the substitution of skilled labour by semi-skilled and unskilled workers through the sub-division of labour and the extended use of semi-automatic machinery. Occupations which had hitherto been confined to men were opened to women. In addition, the right to strike was sacrificed over a large part of industry and compulsory arbitration accepted. The Munitions Act and its Amending Act further restricted the freedom of the worker. The agreements made between the Trade Unions and the Government, together with the legislation dealing with the munition industries, were the basis on which industry came to be conducted.

These far-reaching changes involved a serious sacrifice, but a sacrifice which was undertaken because the vast majority of working people were sincerely anxious to support the Government in the prosecution of the war. It was natural, however, that the Trade Unions should desire certain safeguards in order that the patriotism of their members should not be exploited by selfish interests. It was accordingly agreed that the changes made should not prejudice wage rates, and that due notice should be given of any further alterations in working conditions resulting from the suspension of Trade Union regulations. Further, the principle of the limitation of profits was accepted. These provisos

were intended to safeguard the workers' position during the period of war. In addition, it was made clear that the abrogation of trade practices was to be for the period of war only. Priority of employment was to be given after the war to workmen employed in the industries or processes affected by changes made during the war. More important still, there was to be "the restoration of previous conditions in every case after the war."*

Subject to these safeguards industry was to be organised in the interests of output for war purposes. As the war has proceeded monopolies of skilled workers have broken down, old traditions have been cast aside. The semi-skilled workman has set free the tradesman for special work, women have taken the place of men, and young persons have found numerous well-paid outlets for their labour, whilst the laws intended for the protection of women and young persons have, in a large measure, been set aside. In the transport and distributive trades, and in manufacturing industries, there has been a large amount of migration, not only from process to process, but from industry to industry.

The services of these varied types of people have been utilised behind counters, in offices, in railway stations, on trams and buses with relatively little reorganisation. But in manufacturing industries their employment has been made much more profitable by the extended application of machinery, and by the use of special devices. For example, in the making of shell bodies, "certain delicate operations, such as turning the copper band, were originally done by men, but many employers now find that if special fittings are designed . . . women carry out the work with complete satisfaction."†

In the drilling of 18 pdr. H.E. shells "only one change has been made in the machines to suit the women. At first the shell blanks were dropped into a round jig, and owing to the speed of drilling the blank was frequently wedged in the chuck after the drilling was completed. To avoid the heavy work of forcing the shell out of the chuck, a new type, designed by the drilling machine maker, was fitted."‡

Specialisation has also been employed. We are told that in rough turning and boring the cavities of shells, "the number of wasters produced has been materially reduced by sub-dividing each complicated operation into a number of simple ones."§ Again, "inspection of the finished shell is, subject to sufficient specialisation being employed, a class of work in which women have been very successful. In the case illustrated each woman has been

* A.S.E. agreement with Mr. Lloyd George and Mr. Runciman, March 25th, 1915.

† "Notes on the Employment of Women on Munitions of War," issued by the Ministry of Munitions, February, 1916, page 11.

‡ Ibid, page 7.

§ Page 9.

trained to the use of one or two gauges only, and this ultra-specialisation has resulted in an efficiency such as cannot generally be obtained by a highly skilled male inspector using a large number of gauges."*

And again, "in projectile work and other operations in which the pieces are manufactured in tens of thousands . . . super-specialisation and sub-division of operations render women's work comparatively easy to organise"; though it is admitted that in the general machine shop, where pieces of work are dealt with in small numbers, "no such special 'fool-proof' devices or limitation of the number of operations per machine can be organised."†

These quotations are given not because they are necessarily the best illustrations, but because they are official. The point to be emphasised is that the economic system, under the pressure of war, has increased its efficiency of production over a fairly large range of industries. Not only so, but an enormous number of people have increased their industrial experience and efficiency as a consequence. We are told that "there were 184,000 women engaged in war industries in 1914. To-day there are 660,000. The total number of war workers in 1914 was 1,986,000; now it is 3,500,000. Women are engaged on 471 different munition processes, including 19 operations in connection with aeroplane production, the manufacture of howitzer bombs, the making of shrapnel bullets, filling bombs with smoke, explosives, gas, and other lethal contents; 31 processes on the production of machine tools; six processes in connection with marine mines; and 31 processes in shipbuilding. Two-thirds of these operations had never been done by a woman previous to twelve months ago."‡

This new industrial system will be an important factor in the situation at the end of the war. But, it may be said, there is a promise that Trade Union regulations shall be restored. It will, perhaps, clear the ground if this question be considered now. It is argued that the changes which have taken place for war purposes will not be applicable to peace conditions, and that the new labour and machinery will be restricted in its scope after the war. Even admitting that certain types of machine have only a limited use, and that there will still be much work which can only be carried out by skilled tradesmen, we have not disposed of the widespread developments which have touched almost every side of industrial life.§

* Page 11.

† Page 21.

‡ Mr. F. Kellaway, M.P., Parliamentary Secretary to Dr. Addison, Parliamentary Secretary to the Ministry of Munitions, speaking at Bedford; reported in the "Times," July 8th, 1916.

§ According to Mr. Kellaway, "of the 4,000 controlled firms now producing munitions 95 per cent. had never produced a gun, shell, or cartridge before the war." In other words, they are mostly firms engaged on supplying the needs of peace times. What these firms have learnt in war work they will try to apply to peace work.

Women transport workers, clerks and shop assistants, and semi-skilled men and women have widened their experience during the war, and a large number have gained facility in the handling of machines. All these people will remain as a body of workers more efficient and more experienced than they were before the war. Knowledge of up-to-date and more efficient methods will be more widely spread. The experience which employers have gained during the war regarding the possible productivity of labour, the value of further specialisation of labour, and the economy of machinery will not be blotted out from their memories when the war comes to an end. Rather will there be a strong desire to make the industrial system a more efficient instrument of production than it has been in the past—a desire which will be strongly reinforced by the cry of foreign competition and by the fight for world trade. But even if the pressure of circumstances were not immediately overwhelming, war time developments will sooner or later become a guide to industrial organisation.

In only one way can the changes made during the war be rendered null, i.e., by Act of Parliament. It is clear that it would not be possible to pass a law prohibiting for ever the use of practices which have become more or less common during the war. The only practical plan, therefore, would be to render illegal the continuance of these practices for a term of years. In this connection two things must be borne in mind. In the first place, it would be next to impossible to draft a Bill of this kind which could not be evaded; and secondly, at the best, the course of the new industrial revolution would be merely checked and not stayed—the Labour problems to which it would give rise would have to be faced sooner or later. It would seem, therefore, that at the end of the war one of the most important factors which will need to be taken into account is the new industrial economy, resulting from economic forces which have been greatly strengthened during the war.

The future of industry after the war will be in some degree determined by the nature of the economic arrangements made between the Powers when the war is over. The proposals so light-heartedly put forward for an economic alliance between the Allies and an economic boycott of the Central Powers are not likely to be in the best interests of industrial reconstruction. So far as these proposals have been enunciated, they must inevitably result in making more problems than they solve, and in hampering the work of reconstruction.

To dam up the normal channels of trade in a frantic effort to divert it into new channels will but make for confusion and dislocation which will increase the difficulties of a difficult time. In order that national reconstruction—both for us and other peoples—should be assisted rather than retarded, I would suggest that in the economic system of the world there should be international co-operation as far as possible, rather than warfare

of the kind suggested by the economic militarists.* At the end of the war many economic questions will arise. For example, hundreds of thousands of debts owing by people in Germany and Austria to the people of the Allied Powers, and hundreds of thousands of debts due to Germans and Austrians from traders of the other belligerent States are for the time being frozen. They must be liquidated at the end of the war. There will be indemnities and compensation and perhaps other financial transactions to be arranged for. Many States will need to float new loans. To take these questions alone, it is clear that the restoration of industry and commerce when peace comes will depend very largely upon the way in which these various questions are dealt with. Unwise treatment may complicate a situation difficult enough already; wise handling may facilitate the re-establishment of normal industry and trade. These questions cannot be allowed to settle themselves, and they are not of a kind which could safely be left to the diplomatists assembled at the Peace Congress. I would suggest, therefore, that parallel with the Peace Congress there should be an International Economic Commission charged with formulating an economic policy for facilitating the restoration of international economic relations and the reconstruction of the world's economic system. Such a Commission should be as widely representative as the Peace Congress itself. It would be a great gain if this body were given a permanent existence.

Coming now to matters nearer home, we must realise at the outset the impossibility of confining industrial reconstruction merely to emergency measures and neglecting ultimate questions. During the period immediately following the war, the industrial system will set itself in new grooves which will determine its future lines of development. In many respects it has changed during the war, and when the war is over it may be expected to adapt itself to peace conditions. To allow the industrial system to set itself in a new mould and to limit industrial reconstruction to minimising hardship and generally softening the shock of reversion to a peace footing would be an act of folly, for the new developments might soon prove to be disadvantageous to the national welfare.

So far as Labour is concerned, there is deep dissatisfaction with the industrial system. And the changes made during the war have done more to strengthen that feeling than to diminish it. The real root of the opposition appears to lie in the view that industry, alone of all departments of national and social activity, shows few signs of becoming democratic. To the workman it stands as a huge oligarchy in the midst of a State which is becoming more and more democratic, and side by side with a host

* The success of co-operation will depend on the goodwill of both Allied and enemy Powers. If there is economic warfare at the end of the war the responsibility for it should be left to the Central Powers.

of democratic voluntary organisations. What is lacking in industry is the sense of freedom and responsibility ; what is resented is that the product counts for more than the producer.

It is not to be expected that after the war the industrial oligarchy will be converted into a democracy. The times are far from ripe, as the relative weakness of the Trade Union movement shows. Nevertheless, these aspirations must be borne in mind when we are considering the reconstruction of industry, not because the aspirations of the workers can be realised immediately, but because a twist may be given to industrial development which will prepare the way for a further participation by Labour in the responsibility and conduct of the nation's industrial life.

This question is dealt with more fully in another paper. The first step would seem to be the full recognition of Trade Unions by the State. The principle has been conceded during the war. But a further step is needed to gain the full value from it—a step which is also demanded by the part which organised Labour must play in the future reconstruction of industry. The need is for a body which represents in a real sense the whole of the industrial Labour movement. Trade Unionism has much to contribute to the working out of reconstruction, and its contribution could best be made through some form of National Labour Council, representative of the whole Trade Union movement, and responsible for expressing to the Government the considered policy of the movement, and for negotiating with it concerning Trade Union and Labour questions.*

The next step would appear to be that in each industry there should be called a national conference of workers and employers to discuss the questions arising out of the war and their future relations with each other.† The reorganisation of each industry is a matter which affects the workers as much as the capitalists and the managers ; and the problems which must be faced at the end of the war should be considered jointly by all those who are affected by them. The Government should, therefore, call upon the employers' federations and Trade Unions in each industry to meet for the purpose of coming to a decision on matters affecting the industry. It would be necessary and advisable to hold similar district conferences in each industry, where more detailed consideration could be given to special local problems. The conferences, both national and district, should be called during the

* Is it not possible that the Trades Union Congress should become such a comprehensive body? Mistrust and jealousy at such a time as the present is a crime, and solidarity is worth almost any effort. The Joint Committee of the Trades Union Congress, the General Federation of Trade Unions, and the Labour Party does not appear to have seriously begun its work!

† It is important that the Labour side should contain workers following their employment, as well as Trade Union officials.

war, and should continue to sit at regular intervals throughout the whole of the transition period after the war. The conclusions arrived at in each industry with regard to reconstruction should be accepted by the Government and enforced by it upon the whole industry. Unfortunately, the Board of Trade has already appointed Committees to deal with the position of certain trades after the war. These Committees, however, are not equally representative of Labour and employers. This is a bad precedent, which assumes that the state of the different trades after the war is a matter of no consequence to the workers. But if there is to be anything approaching satisfactory reconstruction, it can only be by the organised workers of this country being taken into full consultation on equal terms with the employers. Hence the importance of national joint conferences of each industry.

Another important measure which is needed, if the problem of economic reconstruction is to be treated comprehensively, is the establishment of a Ministry of Labour. I would suggest that the Ministry of Munitions be made the nucleus of such a Ministry, and that there be handed over to it those functions of the Home Office and the Board of Trade which more strictly appertain to a Labour Department. The Board of Trade would then become what its name implies—the Central Department of State dealing with business and commerce. The Industrial Council should be reorganised in connection with the Ministry of Labour, and pre-
sided over by the Minister of the Department. It is inconceivable that the Ministry of Munitions should suddenly be closed at the end of the war, though the 4,000 controlled firms will gradually adapt themselves to peace-time production. And if industrial reconstruction is to be carried out in the right spirit, those intimately concerned with carrying on industry should be associated with the work. The Ministry of Munitions has gained considerable industrial experience, and in conjunction with the workers and employers should be made responsible for the re-establishment of normal industrial life. The new Ministry would be the executive machine for putting into operation the policy decided by the Industrial Council, which would be based upon the findings of the national conferences in each industry. It is becoming increasingly clear that the only way to save a complex society from a mechanical bureaucracy is, even in our central organisation, to keep organisation in direct touch with the people primarily concerned with and affected by the actions of the central administration. Further, it is only by a policy of devolution that the complicated problems of a modern community can be adequately dealt with.

The question of demobilisation needs special attention. With the coming of peace our war-time industrial system and the Army will both be demobilised. We may fairly expect a shifting in the nature of the demands made upon industry for goods and services. This will mean that less people will be needed for some kinds

of labour and more for others; in other words, there will be considerable reshuffling of places. In such circumstances it is almost inevitable that there should be dislocation—and hardship. A relatively small number of war workers will retire; but the bulk of the workers are in industry because they must maintain themselves. Then there will be the soldiers, who, it is expected, will not be demobilised all at once; but who will, in any case, present a difficult problem. Many will undoubtedly be glad to return to old jobs and the humdrum life of peace; many others will be anxious to avoid the old jobs, and will anticipate obtaining work of a new kind. Others will, again, emigrate to the Dominions if opportunity allows. This transference of labour from a war footing to a peace footing will be a task of great proportions, and one fraught with grave dangers.

The question of demobilisation will, of course, be affected by the state of trade at the end of the war. The prophets are divided; there are those who picture a period of bad trade, and there are those who anticipate a time of booming trade. The state of trade depends upon a variety of factors, and the forecast one makes depends upon which factors are deemed to be of chief importance.

It should be remembered that whether trade is good or bad immediately after the war it does not fundamentally affect the main problems of reconstruction. A period of good trade at the end of the war would postpone, and perhaps modify, the real problems of industrial reconstruction.

If one may hazard a prophecy it may be suggested that, though there must be widespread dislocation on the return to peace, there will probably be a period of good trade. In other words, whilst the reconstruction of what has been demolished, the need for replenishing stocks and making good the depreciation of machinery, plant, and rolling stock, etc., neglected during the war, the revival of foreign trade, and so forth, will stimulate employment, the enormous difficulties of readjustment may result in many people temporarily finding themselves out of work. How soon these influences may work themselves out, or how soon other factors such as dear capital, credit difficulties, or over-confidence may lead to bad trade, it is difficult to say.

One of the first questions, then, will be the twofold task of demobilising the Army and demobilising war industries. The disbandment of the greater part of the four million soldiers in our Armies may easily add enormously to the dislocation after the war. Demobilisation by regiments or battalions, for example, would accentuate the difficulties of absorption and reinstatement. The War Office may, of course, find that there are obstacles to any other method, but these obstacles must be proved to be insuperable before the country is committed to demobilisation by military units. The mobilisation of the Army and enlistment generally were governed primarily by military considerations and

not by industrial considerations. The claims of industry came second to the claims of the War Office. But demobilisation is primarily an industrial and social question, and only in a minor degree a military question.* Industrial and social considerations ought, therefore, to govern the situation. A reasonably long furlough should be granted to as many soldiers as possible when the time comes, and during this period arrangements could be made in large numbers of cases for return to civil employments. In general, it may be said that the Army should be disbanded so far as possible according to the needs of industry; that is to say, that workers in the Army for whose services there is an assured need should be liberated first, and that soldiers for whom there may be some difficulty in obtaining suitable employment should, provided they offer no objection, be retained in the Army until industrial outlets can be obtained for them. Where after inquiry it is found that soldiers have situations awaiting them, military regulations should not stand in the way of early discharge. In other words, just as the industrial population owing to the war was considered as a military reserve, so after the war the armies should be considered as an industrial reserve.

At the end of the war there will be a considerable number of partially disabled soldiers who will be in receipt of pensions. They will fall broadly into two classes—those who will be unable to follow their earlier employment but who are still capable of certain forms of wage-earning work, and those who, in spite of their disability, will be able to follow the work to which they have been accustomed. There will be a tendency for numbers of men falling in both groups to be employed as cheap labour to the detriment of able-bodied workmen. It is necessary, therefore, that steps should be taken to prevent these men, because they are subsidised by the State, entering into competition with other workers. So far as the soldiers who are unable to follow their previous employment are concerned, the difficulty is perhaps not really formidable. The tendency will be for men of this kind to be employed as watchmen, timekeepers, caretakers, park attendants, and in similar work. A number will undoubtedly be employed in warehouses for light work. The competition of these discharged soldiers can be minimised by the adoption of a legal minimum wage for partially disabled soldiers equal to the prevailing rate of pay for the work on which they are employed.

The case of partially disabled soldiers who are able to follow their previous employment presents more difficulty. As a large number of these men will probably be drawn from the operative class in manufacturing industries, there will be a temptation on the part of some employers to employ such men at a wage less

* The size of the Army needed at the end of the war, whether as an army of occupation or otherwise, will, of course, be determined by the Government alone.

than the prevailing rate for the occupation, but a wage which, when added to a disabled soldier's pension, may be in excess of the general rate for that particular kind of work. Such a practice would be equivalent to depriving discharged disabled soldiers of their compensation for disablement, and subsidising the employer out of State funds, in an altogether unjustifiable way. I would suggest, therefore, that before partially disabled soldiers are granted their discharge from the Army in order to enter upon industrial life, it should be laid down that discharged soldiers in receipt of pensions should be paid the prevailing rate of the district for the work on which they are employed, and that penalties should be attached to the payment of lower wages. When partially disabled soldiers are employed in their previous occupation, but owing to their disablement are below the average standard of efficiency, then with the approval of the Trade Union concerned a lower wage might be agreed upon. But even under this arrangement serious partial disablement would injuriously affect a soldier's economic position. It is worth while considering whether some means could not be found of increasing his pension by an amount equivalent to his diminution in wages, without at the same time tempting the unscrupulous employer into an evasion of his responsibilities.

The effects of the demobilisation of war industries will vary according to the degree in which peace production differs from war production, being greater where firms in a particular line of business have during the war given the greater part of their effort to the production of things required only for war. During the process of transferring industries from a war footing to a peace footing, it is not unlikely that many people will find themselves temporarily out of work. The extension of the National Insurance Act to cover unemployment in all trades engaged in the making of munitions and in other forms of war work will do something to ease the situation. It would seem impossible for the Ministry of Munitions suddenly to relax all its control over the 4,000 "controlled" firms. With the establishment of a Ministry of Labour at the end of the war and an effective Industrial Council the maintenance of control during the period of transition would be distinct advantage.

The problem of demobilisation consists in the satisfactory reinstatement of something like 4,000,000 soldiers in civil life, and the transfer of perhaps 2,000,000 or more workers to labour of a different kind. The question, therefore, is one of enormous proportions, and considerable dislocation is inevitable unless there is adequate organisation. Never before has a community been faced with a problem of absorption on so large a scale. Philanthropy and voluntary effort could not possibly cope with it. The only alternative is the Labour Exchange system, and the Trade Union movement must be prepared to accept it as the machinery for re-establishing normal industrial life. It is unfortunate that

the Labour Exchanges are unpopular amongst the workers. The discontent arises partly from their dehumanised character, partly because they are considered primarily as blackleg agencies. It should, however, be pointed out that the opposition to Labour Exchanges is in large measure due to the conservatism of the workers and to their dislike of "new fangled" notions. It should be possible for the Labour Exchanges to be modified so as to gain the confidence of the Trade Unions. If the unions would formulate and present to the Government a policy with regard to the working of the Labour Exchanges in return for which they would undertake to support the Exchanges, an agreement might perhaps be reached. Beyond this it is necessary to adopt a policy with regard to the use of Labour Exchanges for the purpose of demobilisation. It is equally necessary, owing to the decentralised character of their work, to establish local committees to supervise them and to bring into the administration the human element which is at present lacking, but which is particularly important in the case of demobilisation.

The work of transferring workers from the Army to industrial life, and from one occupation or situation to another, is in its nature industrial, and the supervising bodies should, therefore, be drawn from people with industrial experience. I would suggest, therefore, the establishment of local demobilisation committees composed equally of workers' representatives and representatives of employers.* Their function would be to supervise the administration of the Labour Exchanges. The policy of the committees would be largely based upon the conclusions reached at the National and District Labour Conferences to which I have already referred.

The suggestions already made will indicate the general principles on which they would work. Their first task would be to find suitable employment for those soldiers who could not be persuaded to remain in the Army until work was found. They would also apply for the discharge from the Army of particular kinds of workers in such number as could be reinstated in industry, it being understood that the War Office should, as far as possible, only discharge soldiers on the recommendation of the demobilisation committees. Soldiers with situations to go to should be liberated without delay on the application of the committees. Disabled soldiers not following their previous employment would be employed at a rate not less than an agreed upon general minimum. Disabled soldiers following their previous employment would be found employment at the district rate, except in such cases as were agreed to by the Trade Union. Munition workers temporarily unemployed through the dislocation

* After the opening of the Labour Exchanges, Advisory Committees of workpeople and employers were set up, but little real use was made of them.

of war industries would receive unemployment insurance. The Demobilisation Committee would also be responsible for seeing arrangements fulfilled as far as possible with regard to priority of employment.

This last question is somewhat different from the one with which we have so far been dealing, viz., the general question of reinstatement in industry. The problem of priority of employment is a problem of the employment of one particular set of people in preference to others. Many occupations have, during the war, been opened to new grades of workers on the understanding that those previously employed in the occupations, and in particular jobs in those occupations, should have priority of employment over the newly introduced workers at the end of the war. There is little doubt that many thorny questions will arise, which ought to be considered at the suggested national conferences of each industry. In many cases, unfortunately, men will not return to claim their old jobs; many others will be incapacitated and unfit to take them; and in still other cases, where increased specialisation has been resorted to which is applicable to normal industry, the old jobs will not be there after the war. The general principles which should be followed seem to be clear. Firstly, the right of priority of employment should be fully admitted; but if as a result of economic changes during the war it cannot be carried out in the letter, the nearest equivalent employment should be found at wages and under conditions not inferior to those enjoyed by workmen prior to the war. Secondly, where the emergency war workers still continue in their war-time occupations they should be employed at wages and under conditions equivalent to those of former workers in similar work. The application of these principles and the treatment of special cases must be left to the Demobilisation Committees. The general Labour policy must be to preserve the position which Labour has reached and to prevent the economic developments which have taken place during the war from becoming a danger to Labour's general advance.

The problem of women in industry is no new one, but during the war it has gained in importance and complexity. Women workers, for our purpose, may be grouped under three heads (excluding those who during the war have retained the positions they had before, and also those girls who have normally entered industry since the beginning of the war): (1) Those who have during the war come into industrial life for the first time, (2) those who have returned to it after a period of absence, and (3) those who have moved during the war from the employments they previously followed to new kinds of work. The first group consists mainly of well-to-do women whom economic pressure has not driven into the labour market. The number of these volunteer war workers is not so large as many people have assumed, and the significance attaching to their employment is social rather than industrial. In the second group are to be found chiefly

married women who, because of the absence of husbands on service or for patriotic reasons, have returned to wage-earning employment. The majority of them will be ready to return to the privacy of domestic life at the end of the war. Where, however, husbands do not return, or return totally incapacitated, the women will remain in industry, the net effect of which will be that a certain number of women will be permanently substituted for an equal number of men. This, however, does not make a problem; it is merely part of the much larger question of women in industry. It is the third and largest group of female workers who present a problem of some difficulty. The women and girls in this group are workers who have transferred themselves from one employment to another, because of higher wages or greater freedom. They are people who of necessity must work for a living, and they will, therefore, endeavour to keep the foothold they have got in better-paid work. For example, the large numbers of girls who have migrated from the ill-paid thralldom of domestic service to other work are likely to prize the greater freedom and higher wages sufficiently to want to keep their new jobs. This invasion of female workers into occupations in which they have either not been employed before or only in small numbers is not confined to munition works, but covers the whole range of industrial life. Military service has, indeed, affected industries other than munitions even more than those concerned with the manufacture of war materials, for relatively more men have been taken; and wherever the shortage of male labour has been felt attempts have been made, with the active support and encouragement of the Government, to obtain the services of women. The result has been that by the specialisation of processes, by new machinery, by the reorganisation of factories and workshops, female workers in thousands of cases are carrying on work previously confined to men. We must remember the tragic fact that many thousands of men will never return to England, and that many thousands more will be unable to follow their old jobs. So far as one can see, the problem is not so much one of women crowding men out because of their numbers, but rather is it a question of the relation of the sexes in industry.

The fact of women in industry must be accepted; and though on national grounds a case may be made against the employment of women in certain kinds of heavy and exhausting work, over the rest of industry the only reasonable policy is to allow women to find their own level. In this way, efficiency will be the test of the employment of female workers. So far as the Trade Union movement is concerned, it would be disastrous if the women, for lack of sympathy, were driven to enrol in Trade Unions of their own. As women are for the most part badly organised, and as in many industries they have entered for the first time, and may, therefore, be anxious to please their employers, they may become a serious menace to the male workers' standard of life. On these grounds

the Trade Unions would be wise to assist the organisation of women workers. They would also be well advised to insist upon equality of rates of payment. This does not necessarily mean equal wages, but rather wages proportionate to efficiency. If women's wages are below this, they put a premium upon the employment of women as against men; if above, then men would be employed as far as possible instead of women. In the latter case, the women would try to obtain work by accepting relatively lower wages.

A large number of women have superseded men for the period of the war. As I have already suggested, the policy at the end of the war must be that of priority of employment for men who have been with the colours, and for those who have previously been employed in the processes affected by war changes. Even if this were carried out fully, there would still remain places for women in certain industries; but the net result would be to make a "mobile column" of the displaced women's labour, which could be diverted into the industries for which there was greater need of their services. The general policy of the Trade Unions towards the employment of women should not be one of exclusion, but one of acceptance on terms and conditions which will prevent the female workers from becoming a danger to the working-class standard of life.

A considerable number of youths have during the war been promoted to work previously done by men, and diverted to specialised processes of a new kind. Numbers of apprentices have had to suspend their training in order to join the colours. Here are two questions which may be the source of future trouble, and which must be faced during the period of readjustment after the war. In the former case, there is a grave danger of many youths finding themselves in new kinds of "blind alley" employment. Many others may be working in occupations which cause too great a strain upon them, either because of the exhausting character of the work, or because of the conditions and hours of labour. The situation will be different in each industry, and can be dealt with best by the national industrial conferences already suggested. Three points will need consideration. In the first place, it should be decided which occupations are suitable and which are not suitable for young workers. Secondly, those occupations into which it is agreed to admit youths should be regulated so as to protect them from overstrain. Thirdly, all youths under 18 should be required to attend part-time continuation schools during the daytime.

The apprentices in skilled trades present a problem of a different kind. Whilst it is clear that they ought not to be penalised for serving their country, it is equally clear that to admit them as skilled tradesmen on their return would be in the interests neither of workers nor employers. It might, however, be possible for employers and workers to agree upon wages on a higher scale for

apprentices who have served with the colours, and for the continuance of apprenticeship, not for a fixed remaining period, but until the apprentices have, in the opinion of the employer and the Trade Union concerned, reached the standard of work which may reasonably be expected from a youth who is just "out of his time."

The suggestions which I have made in various connections are based upon the fuller recognition of the place of Trade Unions in the industrial system. And the general policy which organised Labour should, in my opinion, adopt is that as industrial reconstruction is a matter which vitally affects the workers, it is, therefore, a matter upon which they have not only a right to be heard, but one in which they have a right to take part. Whether the various proposals I have submitted are accepted or not matters little, but whether the Trade Unions are to be taken into full confidence and partnership in the task of reconstruction which lies before us matters greatly.

So far as the organised workers are concerned, the wages, conditions, and status they obtain depends upon the strength of the Trade Unions; but in the case of unorganised Labour—and the great majority of women and juvenile workers are of this kind—the chief protecting agency must be the State. Prior to the war, our code of Labour legislation was already in need of revision. During the war much of it has been set aside; in the meantime, new processes, greater specialisation, speeding up, the entry of women and young people into new kinds of work have rendered the old protective laws of less value than before. And in so far as the new changes persist after the war, there will be additional need for the development of our Labour laws to meet new needs. If the industrial system is to be re-established on lines at once less demoralising and more efficient, there is a good case for a general codification of our Labour laws, for the wider application of measures which have proved valuable in a more limited field, and for a general levelling up of the conditions of industrial life. Without entering on this very large subject in any detail, one may suggest that hours of labour should be reduced as far as practicable to eight per day, that factories and other work places should conform to very much higher standards regarding lighting, ventilation, cleanliness, accommodation for meals, etc., and that Trade Boards should be extended to all low-paid industries.

Organised Labour, we are agreed, has the right to take part in determining the lines upon which industrial reconstruction shall proceed. Its influence will depend upon the strength and unity of the Trade Union movement and upon its adoption of a clearly conceived and comprehensive policy based upon principle rather than expediency, but capable of immediate practical application. The potential strength of the Trade Union movement will never be realised so long as it consists of a thousand unions. There is need of more and more amalgamation in the first place,

and then of federation of larger bodies. But that can only come when narrower interests give place to the wider interests of Labour as a whole. In the meantime, one may hope that common problems and a common task after the war will lead the Trade Unions into closer co-operation. But consolidation is not sufficient; the Trade Union movement cannot make its contribution to national reconstruction unless it thinks out its position, its policy, and its practical proposals beforehand. With a grave duty to the nation before it, and a great opportunity within its grasp, the Trade Union movement may take a considerable step towards liberating the industrial system from the worst of its vices and imperfections, and establishing it upon the principles of justice and freedom. But nothing save chaos and confusion or industrial Prussianism can result if the great army of Trade Unionists stands idly by, taking no heed of the flight of time, whilst the new order is in the making. The responsibility of weaving a coherent Labour policy for the future rests upon the shoulders of individual Trade Unionists, who should now be giving their best thought and endeavour to the task. No amount of effort spent upon it can be too great; for upon the preparations of to-day depends the New England of to-morrow.

Let the great Labour movement sink the petty differences within it; let it cast out all meanness of spirit; let it throw aside rancour and bitterness, and fix its eyes on the great opportunity which has fallen to it in these days of unexampled warfare, to lay the foundations of a fairer England, worthy of the lives that have been given up for it—an England of free men and free women rejoicing in their labour and in its social usefulness, and striving, in industry as elsewhere, for the emancipation of the human spirit.

QUESTIONS.

Mr. RICHARDS (Boot and Shoe Operatives) asked the lecturer if he expected anything more from the Industrial Commission, as the instruction they had from Parliament was that they should take evidence and report.

Answer: I did not expect more; my point is that we should remodel the Commission and give it real powers.

Mr. SHAW (Weavers' Amalgamation): Would industrial conferences give to the Trade Union movement a greater hold upon the political machine than it has at present?

Answer: If we are determined and united on the question of national Labour conferences, they would give the Trade Unions more influence without any extension of the Parliamentary power.

Mr. FORBER (Bolton Co-operative Society) said the lecturer stated that no man ought to remain in the Army when demobilisation

comes who does not want to remain there, and afterwards that men ought not to be released until certain committees of supervision request that they shall be. What does this mean?

Answer: The military régime ought to come to an end at the end of the war, and men ought not to be kept in the Army, any longer than is necessary, for military purposes. The difficulty will be that a very large number will want to come out. If they would like to stay and have a rest in the meantime an opportunity would be given to the Demobilisation Committees to try to find suitable work; you can only try persuasion.

Mr. ARGYLE (Club and Institute Union) said he was not clear how the lecturer would deal with the case of unorganised labour in the conferences. Unorganised labour is still two-thirds or three-quarters of the whole.

Answer: I suggest they should be dealt with in the same way as unorganised employers. The organised bodies on each side should come to an agreement, and then the Government should say, if this is good enough for you, we will apply it to the whole of industry, organised and unorganised. The Trade Unions are more capable of expressing the needs of the workers than anyone else.

DISCUSSION.

Mr. THOMAS SHAW, J.P. (Weavers' Amalgamation):—

The points raised by the lecturer are so many and so controversial that it will be impossible to touch all of them, and as his paper, like last night's, is largely speculative, he will pardon me if I say that we are pretty much in the same boat with it as with Professor Pigou's paper: we must speculate and prophesy as to what will take place and the steps to be taken to meet the eventualities that arise. I am very optimistic as to the position after the war, and I do not believe that there will be a great amount of reaction. On the contrary, I believe that something like what happened after the French Revolution will happen, and that invention and science will march forward owing to the fact that men's minds have been stimulated by the calamity that has happened. People who vegetated before have begun to think, and we cannot have this without producing an effect on industrial conditions. This is how the matter appears to me, and I look forward with a considerable amount of optimism to the end of the war. I do not think we shall have to face the industrial calamities which so many people seem to fear. It is true we are a very conservative country, but I claim that we are at the same time a very adaptable people. At the outbreak of war, when things were in the melting pot, when international credit seemed

to be suspended, and the outlook was very black, the prophets of woe seemed to think that the old industrial system was about to collapse, but look at the marvellous recovery which took place; how normally, in a sense, the machine is running. I believe exactly the same sort of thing will take place after the war; that both industry and capital are very adaptable; that capital, through its holders, will be seeking for the best use, and that workers will be ready to take the best advantage of anything in the shape of employment. I, therefore, face the position, as I say, with some degree of confidence, and certainly with more optimism than seems to be the case with a very large number of my colleagues.

With regard to mobilisation against drift after the war. I am no advocate of a slovenly way of conducting our business, but we might be more wasteful if we set up a machine to deal with a state of affairs before we know what the state of affairs is, than if we waited until we saw the developments and dealt with them as they arose. We might set up certain machinery and then find that all the labour had been wasted. So, I am afraid, I cannot see how it is possible to set up a great amount of machinery until we know what work we have to do with it.

As regards Labour Exchanges after the war. There are certain practical arguments against the use of Labour Exchanges which have been foreshadowed. If we simply make it compulsory for an employer or a workman to register and leave the matter there, we are very little better off than we were before, because the power always existed for an employer who wanted workmen to register and for a worker to give in his name to the Labour Exchange in the same way. That power we have now, and the only extension we can have is some method of compulsion whereby the employer shall be bound to take the man who registers if there is a vacancy, or the man be bound to go to the employer. I am not in favour of compulsion, and I would rather face the danger of some kind of dislocation of trade than interfere with the liberty of a man to accept or to refuse employment. If it were that the Labour Exchanges were managed not wholly but in equal part by men who had actually been through the mill themselves, then I might be able to agree, but in administrative offices the dominating positions are not held by men of that type, but by men whose education has been totally different from that of the workers: their viewpoint in the great majority of cases is different, although there are striking and brilliant examples of educated men who do look upon the Labour movement with sympathy; but on the whole these positions are held by men whose education, views, and standpoint are totally different from our own, and we have to be very careful as to how far we give up the liberties of our people to men of that description.

With regard to the position of the organised Labour movement after the war. I am one of those who believe that by no amount of juggling, by no amount of legislative enactment, by no means

whatever can we get very much more power than lies in our power of resistance, which is very largely a matter of the numbers we possess in our organisations, and their capacity for resistance. There is really no royal road except that of hard work and organising, and capacity to work and to fight, and the only solution of our difficulties now and in the future lies in our own capacity, and not in that of any other class. Whatever may be done by others for unorganised workers, their position will remain what it is at present—a bare subsistence, and nothing more. I see no hope for them except the realisation of the fact that organisation is necessary, and the spread of education and intelligence amongst the rank and file, which will quickly turn the scale and secure a better condition for them than at present exists.

I wish to call attention to a fact which seems to have escaped the attention of Professor Pigou and Mr. Greenwood. There are two classes in this country, the manual worker at one extreme, and at the other end a class which I think can be defined as the traditional governing class. The war has taught both of these classes a very serious lesson indeed, and I am inclined to think that the traditional governing class has learnt quite as much from the war as the workers themselves. It was plainly demonstrated during the first months of the war that when we got to essentials—to rock bottom—the country absolutely depended on its manual workers and could not get along without them. It had been the custom to assume, in the circles of which I speak, up to that time that the working man was an individual who lived by virtue of finding somebody who was kind enough to employ him. That view was rudely dispelled at the outbreak of war, and the people of whom I speak, whatever their views may be, are highly intelligent people, and I do not think they will lose sight of the lesson they then had before them. Neither do I think our own members will lose sight of it; the engineers, the miners, and the transport workers will never forget that they have had demonstrated to them that they are the very foundation of society, and that without them it is impossible for society to exist, so that if I am right in my conclusions, both these classes having seized the same truth, we have hopes of a peaceful development that will be altogether to the good for the working classes of this country.

I am not afraid, either, of demobilisation creating a large amount of unemployment. It may be perfectly true that a very large number of men will return whose positions are now held by women, but I think that a very large number of women and men, too, are quite ready to cease work as soon as the national emergency has passed. I think there will be a large amount of balance between the two; and I do not think our Army will fall to the dimensions of pre-war times. Unfortunately, the list of casualties is likely to be very, very heavy indeed. Taking all into consideration, I believe the readjustment will proceed far more quickly than the lecturer appears to think will be the case.

I believe also that, as a result of the war, we shall have an improvement in the workers' standard of living, for after all, when we get to bed rock, capital is simply the result of labour applied to natural bodies: the natural bodies are there, the labour is there. I believe inventive genius will be developed, and I also believe that a nation that demands a high standard of comfort will get it. There are hundreds of thousands of these boys at the front now who were agricultural labourers. Does anybody suspect that these men will return to the old conditions quietly? I don't. The relative freedom they have enjoyed in the Army, and the allowances made to their relatives, have been of such a character as to make it practically certain that these men will never again rest content under the conditions that existed before the war broke out. And there again I think there is hope for the future, for a people who really mean to have a higher standard of comfort can get it, and nothing can stay them, because, in spite of international competition, the very driving force of a determined people will stimulate industry and invention, and will produce the necessities which will give the higher standard of comfort required. Speaking of another matter for a moment. When we speak of working men, we confine ourselves too rigidly to the manual worker; the manual worker is at the bottom, but the organiser and the inventor are the crown and the jewel of the whole industrial fabric.

With regard to the economic boycott that has been recommended after the war. At the present time I am not particularly in love with my brother German, but I do object to cutting off my own nose to spite his face, and I am afraid that if we do not watch taxation very closely we are going to have inflicted upon us what the German had inflicted upon him before the war; a system of indirect taxation which will not only keep our people poor, and hide the cause of their poverty, but will hinder the development of trade and so make the poor man poorer still. I will merely state my conclusion, as it is impossible to go into detail.

The lecturer mentioned the question of special women's organisations. I think there is a danger that existed even before the war of a feeling growing up amongst the women that unless they are organised, officered, and managed separately, their interests cannot be attended to: I believe that is a very bad principle indeed. I know from actual personal experience that a separate women's organisation is not necessary, that women working along with men in the same organisation can get better wages by far than it will be possible for them in a special women's organisation, and I deprecate the tendency of so many people to think that unless a woman represents a woman the woman worker cannot get representation at all. That is entirely a mistake, and a bad thing for our movement.

May I turn to the question of the Ministry of Labour? I believe that this could be a very useful and very important Department,

provided that its scope included the control of education, if that were possible, of a technical and scientific character. I believe that by education of this sort our nation could rapidly advance in industry and in technique and in everything that makes for good output and a good condition for the worker. I am quite at one with the lecturer that the hygienic conditions in factories are bad, and I think that in Germany, in that respect, the people were at least 50 years ahead of us; we could do great things by copying some of the examples of Germany. I am not a believer of too rigid an organisation, but I have a profound belief in the system of centralisation, and I think that the genius of our people will prevent us from becoming mere pawns on a chessboard. This is the danger of centralisation, the entire destruction of local initiative, and the workers becoming more like sheep under the control of a shepherd than free men expressing their views.

Mr. NEWLOVE (Postal and Telegraph Clerks) thought that a discussion of this kind must be started on the hypothesis that the enormous expenditure of mental and physical energy now being called upon to carry on the work of the war would have an inevitable reaction. Apart from the psychological reason, which was sufficient to explain that, people could not go on working at the terrible pace they have been for the past year without some reaction.

It had often been complained about Trade Union restrictions that they hindered industry. Perhaps they did, but we had to protect the workers against bad conditions, and if they had to be scrapped, then we must insist that the conditions which produced the regulations should be scrapped also.

Mr. EMBLETON (Printing Machine Managers): Mr. Shaw seems to me not to be quoting his real opinion of the paper. In the first instance, I am surprised to hear him say that there is no need to set up machinery until you find yourself face to face with a particular problem for which you have to invent a machine. That seems to belie his public attitude of the past. In my opinion, it is necessary that some machinery be built, and even to be experimented with before the war is over, to deal with both soldiers and war workers, because I am pessimistic enough to believe that immediately there is a sign of this terrible crisis coming to an end, the employing class and the contractors to His Majesty's Forces will immediately commence to demobilise war workers, and the whole economic onus of peace will be thrown upon the Trade Union movement of this country in consequence of the men coming back to industry as soon as possible, and the politicians, through the War Office, encouraging this.

Labour Exchanges should be administered partly through Trade Union organisations. Here is the opportunity for the Trade Unions to assume responsibility for labour interests, and a means whereby we can deal with the unorganised worker, the demobilisation of the soldier and also of the war worker.

Mr. MIDDLETON (Postal and Telegraph Clerks): With regard to the economic boycott and the question of international trade, I know that, however lax we are in our arrangements, employers are getting ready to put their schemes into operation. I was present at a Manchester business man's meeting when this question was raised. Here it was openly stated that the only way we could beat foreign competition was by cheapening the cost of production, and the best way to do this was to lengthen the hours and lower the wages of employees. This statement was made by a Town Councillor of Manchester, and it was received as the natural thing to suggest. In my opinion this shows that we have not only a difficult task in front of us to make any headway and to get a better standard, but we have probably more than we can do to retain the ground already won. Although the organised unions are very strong, we have now in the country millions of people who are unorganised and who have been trained to do skilled work: a great many of these are doing the work very well, and we shall be faced with the fact that in our attempts to organise there will be a huge reserve always ready to act as a catspaw for the employers. The panacea for the workers is not to arbitrate, but to get to work and lay down their plans and to present them to the Government and the employers, and then if you have the organised strength of the workers behind you there will be no resisting it.

Mr. DALLAS (Workers' Union): I think Mr. Greenwood's suggestion of conferences is a very good one, and it ought to be taken up very heartily. It is far better than legal enactment. If we can get employers and workers to study the questions and problems arising from the present crisis, we shall get a better understanding than if we have impositions from the House of Commons. I think more attention might have been devoted to the agricultural worker, because, after all, the land problem is a big one, and I am sure we should get over a good many of our difficulties if we turned our attention to the proper colonisation of England. The great danger is that we may be "regimented" after the war. We do not want to be docketed and classed; we want more liberty.

Mr. WOLSELEY-LEWIS (Rugby Trades Council): Why should not the Trade Unions get hold of the inventions, forestall the Government, and encourage technical training in their industries to a greater extent than now? Why not move in that direction and try to control the technical elements, which will enable them to keep their financial position intact after the war is over? I hope there will not be too much law-making. Law is good, but we can have too much of it.

MR. GREENWOOD'S REPLY.

I did not deal more with rural life because I know nothing about it. As to why the Trade Unions cannot carry out these proposals, the matter lies in their own hands. The answer probably is that the Trade Unions have not yet learnt the possible ways of using their powers. As to Labour Exchanges, I think that the general feeling of the Conference is that these ought to be used, and we ought, as far as we can, to popularise the use of them. With regard to national conferences, the amount of good they do depends on how the Trade Unions put their hands to the job. It is no argument against my proposal to say that you do not think it is going to work. The result will be what the Trade Unions make it. You must not leave the matter to other people, but take things in your own hands. The power which the Trade Unions possess can be best exerted through national conferences. But that power will not work unless there is a good deal more unanimity in the movement than there is at present. It is time that you stopped talking and tried to achieve something. At present there is very little solidarity of labour, and the fact that certain proposals made here have been criticised is really a criticism of the weakness and lack of unity in the Trade Union movement.

THIRD SESSION.

THE CONTRIBUTION OF INDUSTRY TO REVENUE.

A Paper Read by Mr. SIDNEY WEBB.

If you think I am going to keep to the title of this address I am afraid you will be disappointed. I have no idea how it came to be what it is. What I am going to talk about is "How to pay for the war." Not that my suggestions will be of any use to the Chancellor of the Exchequer in his immediate problem. His task is how to find the means of carrying on the war from day to day. What we can more usefully consider is how the nation can eventually pay for the war.

WHAT THE WAR WILL COST.

First as to the cost. You will understand that for various reasons no definite sum can be named, but we shall be safe in putting the total cost at £4,000,000,000—nothing turns on the exact figure. The cost is running up all the time at the rate of about £50 per second! I am not considering the cost to the other belligerents and to the neutrals. It is this nation alone which is going to pay something like £4,000,000,000. This is one of those astronomical figures that you cannot get into your head. Let me add a few words to make you realise what a tremendous waste it amounts to. The biggest thing in the world, so far, in the way of cost is, perhaps, the Panama Canal. That cost something like £100,000,000. We have been "blueing" Panama Canals at the rate of one a fortnight ever since the war began. Let us put it another way. Oxford is a very beautiful place. The Colleges have very fine endowments. If you were to reckon up the capital assets of Oxford University—Colleges, buildings, libraries, endowments, and everything else—it would come to about six or seven millions sterling. You see what wonderful things can be done for this sum. I do not mean to say that you could get for money the fine old mould on the buildings—and on some other things at Oxford—that makes them so charming. But the mere replacing of the buildings, the endowments, and all that could be replaced you could do for £6,000,000 or so—one day's cost of the war! Perhaps, so as not to exaggerate, we will say two days' cost. You could certainly create a new Oxford and endow it for ever and ever for the cost of two days of the war. Suppose we look at it in another way. There are about 10,000,000 families in this country, and all but a small proportion are at present very imperfectly housed. We should like to see

every family in this country with a nice cottage and garden. Well, you could do this very handsomely in each case, with no rent to pay, for about £400. For the total cost of the war you could do a freehold cottage for every one of the 10,000,000 families in this country. I do not know if we can ever get an adequate appreciation of the magnitude of the money cost that this war is going to entail to this country, but you may put it shortly that, before it is ended, we shall have swept away about one-third of our nation's accumulated wealth.

HOW WE ARE FINANCING THE WAR.

This is, however, misleading, because we have not met, and cannot meet, the cost out of the accumulated wealth. As you go about to-day you see England very much the same: the land, the buildings, the railways, the roads, the various stocks of one sort or another, the houses, etc.—this is really the accumulated wealth of England, and we have not used it up in the war because we cannot do so. The accumulated wealth of the country is not immediately available for the purposes of the Minister of Munitions; you cannot fire the land or the houses out of your cannon as shells; you cannot use up the iron rails as machine guns. Consequently, though we had a great many thousand millions of pounds of wealth when war broke out, we have had to carry on the war otherwise than by that accumulated wealth. How? Up to now we have found something like £2,500,000,000 for the war, and we are finding it at the rate of £6,000,000 a day in money value alone. All this has to come out of current production. The shells are made, and the explosives, from day to day, to keep up the supply to the firing line. The guns and all the hosts of things that the War Office needs have to be manufactured from day to day. The food, for instance, the beef, and the jam do not come out of old stores; these have all to be provided month by month to the extent of the consumption. You can no more feed an army out of accumulated wealth than you can dine off accumulated wealth; someone has to produce the dinner just before. The way we have managed to produce as much as £6,000,000 a day to carry on the war out of current production is nothing short of marvellous. We have done it partly out of our normal current savings. Before the war the nation was so prosperous that it was saving at the rate of four or five hundred millions a year. It produced to that extent more than it actually consumed, and it diverted that extra production into making new capital at home and abroad. We are not now doing this; we are using that four or five hundred millions a year to pay for the war. We are putting these savings into Government Bonds and War Loans; and the Government uses them in order to set people at work to make the things to keep the war going. We are probably saving voluntarily more than we ever saved before—I don't know how much. It may be, on the whole, that

we are saving another £500,000,000 a year. But the Government does not rely only on our savings. It takes from us about £500,000,000 in taxation—that is, about £300,000,000 more than before the war. Then we are selling out securities or stocks, and here at last comes in the use of our accumulated wealth. That part of it which existed in the form of mortgages on America is being sold to America; there is no other nation in the whole world that can afford to buy any appreciable amount of securities. Then we are borrowing a little from America, perhaps another £200,000,000 a year. In all these ways we can just manage to keep the war going. When the war comes to an end what will have happened is that the Government will have run hugely into debt. It will not have paid for the war entirely out of taxation, and it has had to give bonds and bills for the money that we lend it to-day. Whereas it is just the same to the Minister of Munitions whether the shells which he gets are from the money which is given to him in taxes or from the money lent in loans it is not the same to the nation. What we pay in taxes we pay once and for all, and we do not expect to get in return anything except the British Constitution. But on what we lend to the Government we expect to receive 5 per cent. per annum for ever. It is, therefore, much more economical for the Government to get money by taxes than by loans. But Governments are run by people who prefer to lend money to the Government at 5 per cent. than paying more taxes; and consequently, though it is very much better business for the Government to get all that it needs by taxation, it does not chose to do so. Such a course would mean raising the super-tax to 16s. in the £ on the large incomes. Hence those who have large incomes prefer to pay 5s. or 7s. only and to lend the rest to the Government. Thus it is that, after the war, we shall have a National Debt of something like £4,000,000,000. That means that, although we shall have just the same amount of land and houses and railways as before, the Government will have to pay something like an additional £200,000,000 a year for ever. That is what the war is really going to cost us in cash, this charge of £200,000,000 a year imposed on the nation in additional taxation. Hence it becomes of vital importance to the community that these taxes should be levied in the right way and on the right people. The nature of taxation is to make the nation poorer, and if it is badly levied it makes us very much poorer. If it is wisely done it makes the community only a little poorer.

HOW TO PAY FOR THE WAR BY TAXES.

There are really only two ways of getting the money. The Government can either get the money by putting duties on commodities of one sort or another, such as customs and excise, licences and revenue stamps—these taxes fall on the people who use and consume these commodities. The other form of taxation

is to make a levy on people's incomes—this falls on the people whose incomes are taxed. The difference is that the taxes on commodities are paid by all in the proportion in which they are consumed. As the ordinary labourer, with his wife and family, eats nearly as much bread and sugar as a millionaire, he will pay as much of a tax on those commodities as a millionaire. But taxes on incomes fall chiefly on those who have the larger incomes. If you want to make the cost of the war fall most heavily upon the standard of life you will put the taxes upon commodities. On the other hand, if you want the taxation distributed in proportion to ability to pay, which is the economists' rule, you will put the tax almost entirely upon incomes. A lot of flummery is being talked about the splendid "union of all classes" brought about by the war. Just wait till the tax bill comes in! Will the taxation then be put upon people in proportion to what they can pay—meaning a nominal 10s. in the £ income tax, varying from 1d. in the £ on the smaller incomes up to 15s. 7d. in the £ on the largest incomes? That is what ought to be done. Of course, it will not be done, because the rich do not intend it, and because the wage-earners are too foolish to insist. Oxford itself protests that the wise way is to put the tax in proportion to ability to pay, but the Chancellor will not be able to listen, because he belongs to the class, and lives among the class, which has no intention of bearing such heavy taxation. So, for all their talk of patriotism and equality of sacrifice, and all the rest of it, I am afraid that the richer classes of this country will be mean enough to put the mass of the burden upon the wage-earners. Perhaps I do them an injustice. But I shall be very much surprised if the Chancellor of the Exchequer has the honesty to put on an income tax rising, for the highest incomes, up to what so very moderate a person as Lord Courtney of Penwith has suggested, namely, 16s. in the £ on incomes of £100,000 a year. This, you will observe, is not a Socialist proposal, but that of an honoured and trusted economist.

THE REAL PAYMENT FOR THE WAR.

But, after all, taxation is not the end of the matter. You will remember that Mr. Micawber, when he borrowed a small sum of money, would scrupulously give an I.O.U. for it, and then say, "Thank heaven, that's settled." We shall not pay for the war by giving an I.O.U. The nation cannot, in any real sense, pay by levying a tax on some of its citizens. Paying for the war really means replacing the wealth that has been wasted, so as to have as much afterwards as we had before. Ultimately we can only really pay for the war by increasing our production, or, if you like, by diminishing our immediate consumption of that which we produce, so as to add the balance to accumulated capital. The real burden of the war to the nation is that we shall have either to increase our production, or else to diminish our consumption,

to the extent of that £200,000,000 a year which is somehow to be laid on us.

HOW TO INCREASE PRODUCTION.

The war has taught us that we could quite easily pay for it by increasing our production to that extent. Think how little it is. The income of the country was supposed to be something like £2,400,000,000 a year before the war. We need only add £200,000,000 a year to that sum, or less than 10 per cent. If everybody added 10 per cent. to their productivity we should have done the whole thing. Now the war itself has shown us that we could easily increase our aggregate productivity by 10 per cent., and, indeed, by a good deal more. Has it not been made clear that before the war there was a good deal too much playing of golf and attending football matches among all classes of society from the directors of industry down to the manual workers, and that there was, on the other hand, far too little use made of machinery? There is far too much drinking; this enormously diminishes our production. Speaking generally, we were, before the war, getting far too slack; we were taking things far too easily. We are still doing many things by hand which ought to be done by machinery. We are still using human labour, or horses, instead of steam-power. We are often using the old-fashioned steam-power instead of electricity. And what we are doing we are often doing with too little science. We could, if necessary, considerably increase our output. Now we have either got to do this or be poorer. Let us look at it a little more. What are the real factors of production? The interesting thing is that they are there still. They have not gone away. The land, for example, has not been devastated as it has been in Belgium and Poland. The capital, the railways, the machinery, and the stocks are all there. The labour we have to recognise is not all there. We have had to suffer a deplorable toll by death and disablement, a toll not yet complete. Suppose that as many as 200,000 men have been killed up to the present time, possibly another 100,000 may be killed or disabled shortly, and we do not know how long the war is going to last. If we reckon the number at a few hundred thousand, we must remember that the number of those who work in one way or another in the country is about 20,000,000. Even supposing that 500,000 are knocked out, it is only one in 40, or about $2\frac{1}{2}$ per cent. of the whole labour force. I do not suggest that it is possible, and nothing would be more unwise than to increase the strain on the overworked classes, but if everyone worked a quarter of an hour more each day we should have made up that $2\frac{1}{2}$ per cent. of loss of labour power. I do not suggest that it can be done in this way, but the loss of labour power need not seriously affect our total production. Much depends on organisation, and such as our organisation was so it is still. It has not been knocked to pieces. I have neither the time nor the knowledge to talk

about individual industries and to suggest means of increasing productivity, but I must point out one or two. Take, for instance, the land. I am a Londoner and know next to nothing about the country, and less about agriculture, but it has been made plain that if we chose, as a nation, the land could be made to grow more food for me and the likes of me than it does. We have chosen to leave our land in the hands of private individuals as owners, and other private individuals as farmers, and these people we have trusted to put it, in their own interest, to the best use. We were assured that what would be to the pecuniary interest of the farmer and the landlord would be the best for the nation. But we find now that it is not so. The old-fashioned political economy assumed that it was to the interest of the farmer and the landlord to get as much food as possible out of the land. Yet we see now that it positively pays them better in many cases not to produce the maximum amount of food. There are other ways of using land which some people like better; for example, golf courses. People who like to play golf are prepared to pay a high rent to prevent the land being used to produce food. Some years ago I was far up in the North of Scotland, where the land yielded a few hundred pounds a year from sheep. There came along a millionaire, who paid £3,000 a year rent for the privilege of shooting over this land. Presently he said, "I do not like those sheep; I will give you another thousand a year rent if you will clear the sheep off." The landlord cleared the sheep off, and the land now produces nothing whatever, except £4,000 a year shooting rent. That is an extreme case. But you see that directly you get another interest coming in, which wants the land for hunting, for pheasants, for golf, or for training racehorses, you get something which induces the farmer and the landlord to use the land in some other way than to produce food for the nation. We are, in fact, producing far less food per acre than Denmark and several other countries. It seems to me that we must insist on the land being used to produce the maximum amount of food for the people instead of the maximum interest on capital and the maximum rent for the farmer and the landlord. Take the question of industrial capital. Many of you know a great deal more about factories than I do—I am always shocked at the dirt and disorder and the waste of time and confusion in even the best of them. No doubt they are yielding a very considerable profit to the employers, but when you think of them from the standpoint of maximising, not profit, but product, they are far from perfect. Our factories are, in the way of power and machinery, nothing like so up to date as those in the United States. It is not good for us as a nation to take things too easily; it is not healthy. It is far better to be alert for a comparatively short day than to go slummicking about all day. The agricultural labourer is really a high type of skilled workman, but he suffers terribly in efficiency because he goes slummicking about all day. I have seen bricklayers do the same thing.

THE NEED FOR BRAINS.

It really comes to be a question of putting more brains into industry. We must put a good deal more brains into our production, and we must learn to apply them not in order to make a profit, but to make produce. There are, in fact, two ways of applying brains in industry. You can go to work in such a way as merely to undersell some other manufacturer, by some dodge or other contriving to "do" the public, and so make a fortune. Such a man will not have added one little bit to the production of the country, nor saved one penny on the cost of production. The other way is really to discover how to prevent waste and loss, to find how to do an operation in half the time and with half the effort—how to save half the capital. That is really an economic saving and an addition to the actual production. We have too often put our brains into trying to cheat each other.

HOW TO GET THE MOST OUT OF LABOUR.

Finally, as to labour, which means, of course, the human beings who carry on the manual work. When we consider that we have something like 15,000,000 of these men and women who are manual working wage-earners, and that everything depends on their health and strength and training as to how effective they will be in industry, what a lesson that is to take care of the sanitation and education of the population, and especially of the generation which is growing up! We killed more babies last year wantonly in this country through our public neglect than all the lives that were lost in the war on our side! We can, if we choose, save as many babies in the coming twelve months as all the men's lives that will be lost to us in the coming twelve months of the war. This waste of infant and child life is going on from year to year. I can recommend you a little book, published at 1s., entitled "Life-Saving in War Time," which shows how we can save that number of lives every year in the way of infantile mortality. Let us hope the Health Committee of the Oxford Town Council is much more efficient in its provision for infant care and maternity than many other towns. I do not want to say anything about education, but consider what an advance it would be if every boy and girl of these 15,000,000 workers, instead of being allowed, as a large number now are, to grow up rather clumsy, stupid louts, who have not had their intelligence awakened by an adequate education, were turned out with as good minds as, say, the ordinary student of the W.E.A. classes! Think of the increased productivity in the real sense that such a trained and disciplined labour force would mean. I will not go on, but I think I have shown that there is nothing very difficult in increasing the production of this country by a great deal more than the 10 per cent. that would represent the whole cost of the war, although I have only so far talked about the separate factors in production.

HOW TO IMPROVE OUR ORGANISATION.

Even more important is the way in which these factors are welded together. We have chosen that the industry of this country should be carried on almost entirely by individuals for their private profit. The result is that, instead of setting one man to do one job, we find it necessary always to have several in order that we may be protected by their competition. Thus we have everywhere a lot of separate people doing the same thing. We always like to have more than one shop to go to, more than one public-house to go to, more than one railway to get to each place by, if we can. In London we like the 'bus to compete with the tram, and the tube and the taxicab with both, because that is our only safeguard against being made to pay extortionate fares. To avoid the peril of monopoly we have everywhere two or three profitmakers to do the work instead of one. Just think of the cost of the distribution and the retailing of what we produce. It is said that it literally costs more to sell an article than to make it. What at the factory is sold for 6d. costs at the shop 1s. The profits of the transport and distributing trades are, in fact, more than twice as much as all the profits of the manufacturing industries put together. This is, in itself, a huge limitation on our production. Look at the number of separate employers! Look at the number of little factories! Look at the number of shops! If we could re-visit this earth a century hence one of the most startling things would be that we should see no shops. We should say, "What does this mean?" And our guide would say, "We don't want 500 separate little retail shops to supply Oxford; we have one great Co-operative Society just as we have one municipality; and we are not afraid of the extortions of monopoly, because the consumers are themselves the owners and directors in the one case as in the other." Of course, I do not need to explain that to you.

A PUBLIC SERVICE OF RAILWAY AND CANAL TRANSPORT.

I must pass on to lay stress on the enormous waste in our transport. We have allowed our railway system to be divided up between more than 200 separate joint stock companies, having separate directors, managers, and offices. We have permitted them to compete with each other where they can and to combine with each other against the public. We have allowed them to go on in such a way that we have practically no control over them. We have let them buy up and stifle the canals. Now, for the moment, we have temporarily, in part, nationalised the railways. The very urgent question is whether you will allow the Government to hand back these partly nationalised railways to the shareholders or whether the Government should complete the transaction and take them over. I cannot stop to go into the figures. I can only say that you could buy all the railway shareholders out at Stock Exchange prices, merge the whole into one

system, and, by the testimony of the railway managers themselves, save millions a year.

THE POST OFFICE AS THE COMMON AGENT.

We are failing to develop the Post Office, which is already a national industry. It produces utilities which have a price in the market, and, therefore, really wealth. It is possible to extend this business in a hundred ways in the public service and thus increase our production.

THE NATIONALISATION OF THE COAL SUPPLY.

But it is coal that is our real key industry. To increase our national production what we need more than anything else is a cheap and uninterrupted supply of coal. We have allowed this industry to fall into the hands of about 1,500 different coalowners, working over 3,000 separate mines, without any regard to what each other is doing. They supply the coal to unco-ordinated crowds of dealers, merchants, and factors, among whom there is frequently combination to raise the price. Coal costs no more to produce in winter than in summer, but the price goes up in winter because the public can be made to pay. Perhaps the most important of all ways of increasing national production in the best sense would be for the Government to take over the whole of the coal mines, pay the full Stock Exchange price of the shares, supply every industrial user of coal at pre-war prices, and undertake that there should always be a fixed national price for household coal which would be no more changeable than the 1d. postage stamp. The Government Coal Department could deliver to any railway station all over the country at 9d. a cwt., and the municipality could retail and deliver to cellar at 1s. per cwt. But, of course, unless the working people wake up nothing of the kind will be done.

OUR MAIN HOPE IS IN NATIONAL REORGANISATION.

Other great industries, from agriculture, on which we all depend, to engineering, which transforms all our production, need the same kind of reorganising on a national basis. We have so far muddled along without organisation, but now we recognise that we have to face a great emergency. We must produce at least £200,000,000 a year more or go short; and I suggest that we can find it best in national reorganisation. We are quite certainly anyhow going to have a great deal of reorganisation, and it is important to see that it is under popular control. What is not clear is whether we shall let the captains of industry reorganise for their own profit or insist on it being done for ours; and how we can ensure that the reorganisation shall leave unimpaired our popular liberty. How to control the industrial organisation demands a good deal more study. It is not merely a matter of political control over the Government. We all want

the man in the workshop to have some control over his own working life. That is a very difficult thing to secure. We shall hear something about it to-morrow from Mr. Zimmermann. It is of enormous importance to the Labour movement. We need a great deal more study and research into the question of how to secure more control for the man over the industry by which he lives. The Fabian Research Department is working at this very question; we are doing what we can, but, after all, we are very few and we have small means, and so important an inquiry demands money and work. I want to ask you to be henceforth sympathetic to research, to believe that the Labour movement sadly needs much more research on these questions. Whenever there may come to any of you a chance of doing anything to help economic research in any way, either by supplying information or by inducing your organisation to support it, please believe in it and do what you can to help. It is only by investigation and research and discovery in these Labour problems that we are likely to get the national reorganisation that we want, or, at any rate, only in that way are we likely to ensure that the national organisation which must come shall not bring some of the desired efficiency but without the liberty on which we rightly set store.

QUESTIONS.

Mr. HOLMES (Portsea Island Co-operative Society) : Does Mr. Webb not consider, taking into consideration the agricultural labourer's position, his mode of work and the manner he has to do it, and the small pay which he gets, that he does remarkably well, and would anyone having similar work be other than slummicky, as the agricultural labourer seems to him?

Answer : Considering all the disadvantages of the agricultural labourer, I wonder he is alive at all ! It is a disgrace to the nation that any boy should be allowed to grow up into the position of the farm labourer of Southern England. If I had a boy in my charge I would not let him become an agricultural labourer.

Mr. DALLAS (Workers' Union) : How are we to raise the rural labourer's status ?

Answer : It is a long story. The first step is to enact a legal minimum wage, and so enforce the National Minimum of subsistence on the agricultural labourer, and then to see that he gets it in cash. Secondly, secure the National Minimum of decent requirements of the citizen in the way of housing, and insist upon the authorities carrying them out. Thirdly, adequate leisure. No man ought to work more than ten hours a day; so secure the proper leisure, whatever it is, by law.

The policy of the National Minimum is the accepted policy of orthodox economics. It has been empirically acted on by the

Government for the last fifty years. You have first to apply the policy of the National Minimum to wages, which would probably mean a minimum wage of 30s. a week for the agricultural labourer. Then I think you may get on.

In answer to another question the Lecturer said : Payment by time is essentially the way in which slave labour is remunerated : the slave gives the time, and the master gives subsistence on a customary scale. In the best organised and developed industries you will find that the men will not work on time ; they insist on piecework. On the other hand, you find some Trade Unions who object to piecework. The difference is that in many industries time work means slack work or else close supervision and heavy driving if you are going to have efficiency. On the other hand, piecework is the very devil if the piecework scale of rates is not protected against degradation, so that unless you are clever enough to invent some way of preventing piecework from lowering the standard of wages, then you must stick to time work. The cotton operatives have fought their way by fifty years of struggle to a system of piecework so manipulated that the employer cannot touch it, and which penalises the employer if he has not the best machinery. In the building trade you still have the system which prevailed in the time of Noah. Builders have never put into the problem brains enough to work out a piecework system. Piecework needs brains if it is to be to the advantage of the industrial worker : there is very likely no industry in which it might not be applied.

Mr. POLLARD (Kettering Trades Council) : Does the Lecturer consider that it would be of any material benefit to workers on railways, in mines, etc., if they were nationalised under our present administration ? Would he advocate putting, say, Winston Churchill in place of Sir Guy Granet to administrate any such industries ?

Answer : During the past fifty years we have had a great amount of experience in taking over industries from private capitalistic management into collectivist management. In every case the lot of the workers has been materially improved. It may be that, having done 115 transfers, the 116th may be different, but I don't think so. Any person employed by a public authority is very largely protected against tyranny ; he works on a scale which is at any rate not nibbled at, and he will usually tell you that he is very much better off than he was under the capitalist owner.

Why should it be supposed that there will be any substitution of ignorant administrators for experienced ones ? This question allows me to clear up a delusion : it is often imagined that if we nationalise railways we are going to clear out the experienced men and put in people like myself. Of course, what you get rid of by nationalisation is not the general manager, but only the shareholders. For the board of directors you might substitute an advisory board, but the railway system would be managed by the same sort of experienced people who managed it before.

Mr. MARTIN (Peterboro' Trades Council): I would like to ask Mr. Sidney Webb whether he would recommend that taxation be placed upon income, including wages, on a definite basis, and could he say what amount it would be necessary for the worker to pay in proportion to his wage? Would it be possible to raise all revenue by taxes on income?

Answer: It is not practical to extend the income tax to all incomes because (1) the average income of the wage-earner is only 25s. to 26s. per week, and you would be encroaching on incomes which are only just enough to live on. (2) It would be costly to collect. At present we are only collecting income tax from a couple of million people. (3) It would not be fair unless you swept away all indirect taxation; but you cannot do this, because if you did, gin, for example, could be sold for something like 6d. a bottle instead of 5s. We did it once 150 years ago, and the result was awful. You could get dead drunk for 1d.!

DISCUSSION.

Mr. J. A. SEDDON (Chairman of the 1915 Trades Union Congress):—

I start with a very reasonable claim to your indulgence. I was asked by the Chairman and indefatigable Secretary of Ruskin College to come here and take part in a discussion after I had had an opportunity of going through the essay which would be sent on to me by Mr. Sidney Webb. Then I come with a grievance against Mr. Webb. I had sent on to me a summary of the paper that he was alleged to give, and I prepared some criticisms upon it. Here, again, he stole part of the thunder that I was going to claim, and, therefore, I am quite sure that as Mr. Sidney Webb has departed from the summary I may follow the same course.

"How to pay for the war?" is certainly a question which ought to affect the Labour movement very, very closely. But Mr. Sidney Webb has such a delightful manner with him that as I sat listening to the airy way in which he worked the figures down upon a mathematical basis I felt myself growing as optimistic as Mr. Thomas Shaw. After all, the additional burden is a mere 10 per cent. on the present scale of production, and Mr. Webb very properly pointed out that in our disorganised state of industry, by proper scientific developments and application, we could very easily work up to that 10 per cent., and no one would be a penny the worse for it. That may be all right from the point of view of the study or of the lecture-room, but is not quite as easy when it is transformed into the actualities of life. We have been told, and I do not think it is over-estimated, that something like four thousand millions will be the amount of the debt to be borne by ourselves and future generations.

To my mind, it is not so much a question as to the amount of consumed capital or savings arising out of the past, but the fact that responsibility is thrown upon us as the custodians and guardians of the future liberties and rights of those who come after. We must see to it that this burden shall not be extended too far upon unborn generations; in other words, that four thousand million pounds is a drain or a lien upon the future productivity of the race—the present generation and those who will come after, and, therefore, if we can, by following out the advice given by Mr. Sidney Webb or any other man, shorten the period of the duration of that debt, we are bound to do it in the interests of future generations.

I had a grievance against Mr. Sidney Webb, because I thought that the summary left out the fundamental that is going to help us the more speedily to pay this great war debt and restore the balance of industrial credit. You will notice in the summary that it is not only the paying of the debt that is mentioned, it is also the health, training, and organisation of the people. When you are dealing with the health of the nation many things are involved, not only sanitation, but a hundred and one other things. There is the question of the purity of food. We are to-day consuming bread which is overwhelmingly adulterated, and I thought I might suggest to Mr. Sidney Webb another means of adding to the revenue of the country by the nation taking control of the bread supply. I have had the figures supplied to me, and I have no reason to doubt them, that if this country paid even 5 per cent. on capital and 5 per cent. profit to the millers, and had to pay what is a fairly high pre-war price for wheat, 40s. a quarter, if the nation itself were to bake in scientific bakeries and distribute the bread on a national basis like the Post Office system, and sell at 5d. per 4lb. loaf, eight million tons of bread consumed would create something like 18 million pounds of profit that would go to pay the National Debt. I add this suggestion to nationalisation of coal mines, railways, etc.

My conclusions are these: that most of our ills arise from the past neglect of the primal source of all wealth—the land of our birth—and if we are going to follow the example of Germany, I do not mean in fighting, but in organisation, we have to tackle this question of the national control of the land and the full productivity of it from more than one point of view, not merely for paying the cost of the war. We have, in addition, to recognise the sin of our forbears in allowing millions of acres of land to go out of cultivation, in allowing antiquated systems of cultivation to be perpetuated, and we have to remember that in addition to these sins there is another danger that was never dreamed of by our forefathers: technically speaking, we have ceased to be an island in modern warfare. The submarine and Zeppelin have taken away the natural protection of the silver stream, and we have to see that so far as is humanly possible we shall have a food supply in this country that will confine the submarine to

the destruction of ships and life, and save us from immediate starvation in any conflict of nations. Land is the source of wealth.

What is the position of Germany? During the last 21 years she has more than doubled all her wealth, both in manufacture and agriculture. During this time she has increased her main crops, cereals, and straw (which is a great factor in the food of animals), potatoes, beet, and root crops, she has increased her acreage by 2,000,000 acres reclaimed from bogland; she increased her food values by £270,000,000 sterling upon peace prices before the war; in other words, Germany has been applying science to agriculture as well as to steel production and the production of other commodities, and she has at this moment within her boundaries a form of property, land cultivation, that will remain whatever happens through the war, which, if it were capitalised at 4 per cent., would amount to £6,800,000,000. That has been built up in 21 years, while by the same token we have so far neglected the land of this country that it has been going down in value gradually from year to year. Therefore, from my point of view, I think that the advice given to Ruskin College should be immediately taken up, and that the next Conference held should be more directly devoted to directing the attention of our mass of industrial workers to this great agricultural problem, both from the point of view of paying for the war and helping the health and physical well-being of the children of to-day, who will be the men of to-morrow.

With reference to the value of agriculture and the open-air life, from the point of view of health and prosperity, I admit that the Hodge of to-day is a very pathetic figure, socially and industrially, but the Hodge of to-morrow need not be. We must remember that the majority of the Colonials who have come over are agriculturists in new countries. It is true they get the land for less, but they have something which we have not, the application of mechanical means to production in their country. They certainly have virgin soil, but they have applied machinery to the production of wealth, even in a new country. I have been bold enough to make a suggestion as a step in the right direction, but I suppose it is too practical to be acted upon. We have a good deal of war salvage, horses, huts, wagons, etc., that could be very usefully employed at once to the development of agriculture, and we could colonise in this country, instead of compelling those who are anxious to lead an open-air life to emigrate. We have no right to send them to the Colonies if they wish to stay at home, and, therefore, I am glad to see that Sir Douglas Haig has been making a more or less rough plebiscite on certain parts of the front in France as to the number of men who are prepared to come back and undertake a life of agricultural and kindred trades, and the result is that 17,000 out of 98,000 are found willing. If on the basis of these figures we say we are going to have 10 per cent., that is not an extravagant average. Something must be done at once.

A number of men who have joined the colours never had the opportunity in early life of selecting their occupations. Necessity has driven them into the first occupation that offered itself; it may have been, and often was, of the blind alley description. They have now had an opportunity of seeing some of the pleasures of open-air life, and if we are going to have four or five hundred thousand of these men drawn from other industries to take up a life on the land it is a duty to see that we put our house in order to make provision for those coming back from the front.

The question, therefore, of agriculture helping to pay for the war, and building up the health of the people, is a really vital one to every industrial worker, and especially to those working in railway, mining, and other laborious work. What has been the real danger in the past is that men have been drawn from agriculture, attracted by the high wages, into fierce competition against the standards set up by the power and activity of the Trade Unions, and if you can ease this competition you are doing a great service to the industrial classes.

If we are, therefore, to pay for the war we shall have to tell our masters and rulers of the past that we are not going to pay for the war merely by providing interest on the loan. When we ask them to budget in the future for a liquidation of the National Debt, firstly, because of our obligations to those who are coming after us, and, secondly, so that the money shall not come from the industrial workers only, there should be a contribution from the fuller scientific development of the land which has been neglected so abominably up to the present time. Therefore, while I agree with most that has been said by Mr. Sidney Webb—I want to put it quite frankly—I think we have not yet really visualised what we want in order to face the immediate problem. I think that we should spend the rest of the time for discussion, not only, as Mr. Greenwood says, considering how to perfect our Trade Unions and strengthen their power in the country, but in insisting on the same consideration for the post-war conditions as the Government has shown to industrial conditions during the war. If these Conferences are going to be a useful guide, and a factor in the new conditions after the war, we must get down to something more tangible than we have touched up to the present. The employing classes are not asleep. They are already perfecting their organisation and machinery; they are coming nearer together. There may be some of them who are more prepared to let organised labour have more voice in the conducting of business after the war than they were before, but these are in the minority. Therefore, as industrial workers, we have to say to the employers and to the Government of the country that in the settlement after and in paying for the war, the industrial democracy must have an equal voice with the employing classes, and when we get this we have to prove our intelligence by placing before the Government and the employing classes our solutions to the vast problems that face us now and will face us after the

war, and one of them, in my opinion, apart from the reorganisation of industry, is the application of science to land and industry. Scientific management is not a blessing without many, many faults, but it does stimulate the workman up to a point to excel in his industry, and the greater the output of the individual worker the greater the wealth of the country; but what he has to see is that he gets his fair share of it.

So far as taking part in the reconstruction of industry is concerned, let us remember this, we are facing a new world, and whether we like it or not we cannot go back to the old conditions. We do not know what the men in the trenches are thinking. There may be a mighty movement among those 5,000,000. These men may have plans; those agricultural labourers who have had some vision of a different life—they are not coming back with the same ideas and low standards of worth as when they went to the war; the men who have left the factory have been fraternising with men of every section of the community, and they are receiving a very liberal education every day by contact with each other; they are going to be a very mighty factor in the reconstruction after the war. Let us see to it that we claim their rights from the employers and the ruling classes, and lay down such principles for them as will ensure that the 5,000,000 will still be our colleagues and brothers, and not men who are going to kick us for having failed in our duty during their absence.

Mr. ORCHARD (Portsea Island Co-operative Society): I want to say that, whatever we like to say about it, it is the poor people who are going to pay the larger share of the cost of the war, because if you tax incomes it is the poor man who has to make the income for the rich, and, therefore, the larger share comes back to the workers.

I would like to ask one thing, would the lecturer advise a Government Department on Agriculture which had upon its Board a larger number of tenant farmers and workers than of those who own the land; and also to inquire whether it would not be wise for the Government to set up at once agricultural banks and supply machinery, etc., to the poorest worker on the land? There are as good brains on the land as in any other industry.

Mr. SHAW (Weavers' Amalgamation): I am very glad to have had the opportunity of hearing Mr. Sidney Webb's paper. It has acted as a tonic to me. I was afraid the Labour movement was becoming frightened as to the future, and lamenting the possibility of what we are going to face. I believe, with the Lecturer, that the best thing that can happen to this country is for the workers to be as smart and efficient as possible; for us to have the best machinery; because on smartness, efficiency, and the best machinery depend the workers' chance of short hours and improved conditions. There can be no question whatever as to the immediate adoption of the best methods and the quickest means of work and transport, and if we have to remain in competition, is it not as well that we should

be smart and efficient and that we should have the short hours and the best results that can be got by these means? I believe that the trades which maintain the old-fashioned customs are those which will suffer in the future. Whatever the result of the war, we are bound to have to face the competition of the Central Powers, and organisation and efficiency will come out on top in spite of all the efforts of those who stick to the old-fashioned methods. I think we needed a tonic, and in future it will be the workman's business to take a share in the improvements and method of work, instead of, as has been the case up to now, leaving everything to the employers. It is for us to say, in an intelligent way, "Here is a method of manufacture in our industry by which seven hours' labour will produce more than ten do now. We prefer to work seven and have the results which we have previously had for ten." As a competitive State, it is for us to see that we are in the front rank, and not behind, and we don't want too much pessimism.

Dr. JONES (London Teachers' Association): One speaker touched on an essentially false doctrine, which has been preached and believed in by the working class all through the last century. This doctrine is very dangerous. In plain English, it is that it does not matter how the taxes are paid, the working class have to pay them; if they are obtained by taxing wealthy men's incomes, it is all the same. This wrong idea has got a big grip in working class circles. If this were true, why should those who desire to tax commodities instead of incomes have made the effort they did over Tariff Reform? If it were true, the struggles against taxation have been mere humbug, but they are not. It is not the same thing whether we tax incomes or commodities. Broadly speaking, if the taxes come chiefly from commodities they will fall very largely upon the bulk of the population, that is, the working class; if they are raised by direct taxation on incomes on a graduated scale, then they will fall chiefly upon the big incomes.

Mr. ARGYLE (Club and Institute Union): One point raised by Mr. Seddon was of the greatest importance. That question was the development of agriculture. He suggests that there will be a very large number of our returning soldiers who will not take readily to the ordinary indoor life which they were used to before the war, and he suggests that they should be settled on the land here and colonised. I think that that would be an excellent thing—there may be half-a-million of these men—but I do not think that this will do much to help us to pay for the war. It is most excellent from the point of view of dealing with returning men, but for the problem of paying for the war we have got to go into this agricultural question a great deal deeper. After all, agriculture has failed in this country—perhaps to some extent owing to bad landlords—because it has been beaten by foreign competition, although as we know perfectly well those who work on the land have been shockingly remunerated. Before you can get a profit for the nation you have to get the land, you have

to spend money on putting these men on the land and providing the necessary materials and machinery to work with, and then you have to see that they are paid much more for their industry than has been the case with the agricultural labourer in the past. While this question of agriculture is exceedingly important from the point of view of the future of the returning men and of our nation, it is not a practical way of paying for the war, and for that purpose the suggestions of Mr. Webb are much to be preferred.

MR. SIDNEY WEBB'S REPLY.

The land is no doubt the mother of all wealth, but I am afraid we shall not get very much out of it to pay for the war. We want to improve our agriculture, and it is vital that we should get more food and improve the condition of the people who work on it, but there is no money in it to pay for the war. May I just emphasise one point which is very important. We have trusted too much to the desire of the farmer to make profit and the landlord to make rent. If that had coincided with producing the greatest amount of produce it would have been all right, but unfortunately the way to get the largest profit for the farmer is often to produce less food. There are some ways of using the land by which the farmer makes a larger profit on his capital than in growing food; he makes a larger interest on the capital employed from pasture than by arable culture, and consequently he has let the land go down to grass.

We do not want farmers at Whitehall, and you will not mend matters by putting what you call your practical men into Government departments, because they would cease to be practical men. We want administrators at Whitehall and the farmers on the farms.

The great difficulty in agriculture is, are you going in for small farms or large? All our instinct seems to say small holdings; we want the men back on the land. All I know is that in every other industry we are going in more and more for larger units of industry. I am inclined to think that in English agriculture we shall have to have large capitalised or State farms employing men at different grades so that they can work up to high salaried positions. Let us also have small holders, disabled soldiers or men from the cities, in the interstices of the large farms, but you cannot cut up all England into small holdings.

What I tried imperfectly to put before you is to be found in the newly published book of the Fabian Research Department entitled "How to Pay for the War." If you do not wish to buy it you can get it at your library, and I hope some of you will look into it.

As regards what Dr. Jones said, he is quite right; you must not make the mistake that the poor always pay the taxes. You will notice that the rich do not make that mistake; they fight against taxing incomes, and they are always trying to put the taxes on commodities. If they are put on incomes there is no way in which they can be put on the worker.

FOURTH SESSION.

THE CONTROL OF INDUSTRY AFTER THE WAR.

A Paper Read by Mr. A. E. ZIMMERN, M.A.

The title which the Ruskin College Executive selected some six months ago for my paper, "The Control of Industry After the War," is well adapted to these troublous and uncertain times, for it is capable of at least two quite different interpretations. It may be taken to refer to the probable extension of the control by the State over privately owned industry after the war, or to the increase of the control by the workers themselves over the conduct of the industry in which they are employed. I propose to interpret it according to the second of these meanings—the control by the workers. As regards the extension of the control by the State I shall have nothing to say, and that for two very good reasons. Firstly, because Mr. Sidney Webb has already dealt with that subject. Secondly, because, in my opinion, the problem of the workers' control, though less familiar to the general public, is beyond all doubt the more important of the two. Indeed, it is not only important, it is urgent, and it is just because I am convinced of its urgency that I shall make no apology for attempting to deal with it in an absolutely practical manner, even at the risk of wearying you with the discussion of details of organisation.

Before coming to details, however, it seems necessary to make clear wherein the importance of the problem consists. The best way of doing so, I think, is to show how intimately it is related to the objects and ideals towards which Ruskin College and the Labour movement as a whole are directed.

What is the object of the Labour movement—I mean its object in the widest sense, as opposed to the particular programme on which it may have agreed at the moment as the next step towards the attainment of that object? Its object is surely to provide the conditions of a good life for the working class. The object of all government is, or ought to be, to provide the conditions of a good life for mankind. The object of the Labour movement is to do the same for those on whose behalf it is more specially working.

But then the question arises, what do we mean by the conditions of a good life? What sort of a life do the workers want? What is it that the workers regard as a good life?

These are not at all easy questions to answer. There are a good many people, however, who are prepared to answer them offhand; generally, I notice, people who do not belong to the

working class themselves. I came across two perfectly definite answers lately which are worth quoting, as they are both by well-known writers on industrial subjects. Mr. F. W. Taylor, the inventor of the system of scientific management, remarks in advocacy of his plan, that it "has for its foundation the firm conviction . . . that it is possible to give the workman what he most wants—high wages—and the employer what he most wants—a lower labour cost for his manufactures." Mr. Taylor is quite clear in his mind as to what it is that the workman most wants—it is high wages. And if he is right there is a good deal to be said for his system, for it has undoubtedly led to higher wages, at any rate for certain individual workers. The other writer whose definition I shall quote is Mr. Harold Cox, the editor of that interesting paper, the "Edinburgh Review," which I recommend to all Trade Unionists who can afford to take in a 6s. magazine. Writing recently in that periodical on the subject of industry after the war he lays it down that what every workman wants for his life is security. He goes on to argue that in these times, under the existing system of industry, a skilled workman can always be sure of employment, and that for such a man the existing system, though it may sometimes impatiently be described as "wage-slavery," "offers the highest attainable form of liberty."

Now if Mr. Taylor and Mr. Cox were right, if the workman's ideal of life was summed up in high wages or security, or a combination of the two, there would be no object in composing this paper, for that ideal would be sufficiently met by the extension of the methods of State ownership and control described by Mr. Sidney Webb. Make all the workers Government servants, and so provide them with security; guarantee them high rates of wages, adjusted to the state of prices, and there, so far as Mr. Taylor and Mr. Cox are concerned, you have the workers' millennium. Being secure of their job and of a pension at the end of it, they will have nothing to worry about; their souls will be at peace; and, as for the material side, they will be able to satisfy their simple aspirations in the way of furniture and trips to the seaside, and even rise to the possession of the much criticised cottage piano. What more could man desire? What more, indeed! One feels inclined to echo the question Browning asked long ago in his "Rabbi Ben Ezra:—

"Irks care the crop-full bird? Frets doubt the maw-crammed beast?"

Yet we all know very well from our own experience that Mr. Cox and Mr. Taylor are wrong. Their answers do not give a complete account of the workman's psychology. Indeed, they do not give a complete account of anyone's psychology. It is not the case that security and a competence necessarily lead to a happy life. Some people are so constituted as to prefer insecurity

to security, as, for instance, those who deliberately choose to spend their life at sea or go on Arctic expeditions. Some rich people are very unhappy and would undoubtedly be happier poor, however much some of us may feel inclined to exchange places with them. Care, in fact, does irk the crop-full bird. Doubts do fret the maw-crammed beast. The Bible told us this long ago, but we have had a curious confirmation of it lately in the remarkable decline in nervous and mental diseases among the well-to-do as a result of the war. Having something outside themselves to think about, they have less time to brood over their own ailments. It is as though our physical nature itself protested against ease and security and echoed the words of Browning:—

“ Then welcome each rebuff
That turns earth's smoothness rough,
Each sting that bids nor sit nor stand but go.
Be our joy three parts pain!
Strive and hold cheap the strain;
Learn nor account the pang; dare, never grudge the throe.”

No doubt if the workman were a mere animal he would be satisfied with the solutions offered him by such men as Mr. Cox and Mr. Taylor. Mr. Taylor, in fact, gives the whole case away on a later page of his book, where he says that certain work for which, under his system, he offers the sure inducement of higher wages is so crude and elementary that he firmly believes that it would be possible to train an intelligent gorilla to do it. If the object of the Labour movement is to create the conditions of a good human life, not a good animal life, such a statement carries with it its own condemnation. We all know that it is what we do that makes us what we are; and if a man spends the best part of his day doing what could be equally well done by a gorilla, no amount of wages or of security can make up for the continuous degradation to which he must thereby be exposed.

It is clear, then, that anyone who thinks that what is called “ the Labour problem ” can be “ solved ” simply by “ feeding the beast,” by higher wages and increased security of employment, is ignoring some of the deepest factors in the situation. He is thinking of the workman as though he were an animal and not a man. If I did not know that Mr. Cox and the late Mr. Taylor (whom I once had the pleasure of meeting in the United States) were high-minded and public-spirited men, I should be tempted to say that they had constructed an imaginary workman in the image of their own materially minded selves. As it is, I can only suppose that they are the victims of that common English malady—want of imagination; that they have conveniently forgotten that the workman is a man with similar passions to themselves, and that he is not likely to acquiesce in systems and solutions which they and their friends would not dream of putting up with. In discussing these questions with people who are not in actual contact with working-class feeling I often feel

inclined to adapt the famous outburst which Shakespeare puts into the mouth of Shylock when he is being mocked by a Christian: "Hath not a workman eyes? Hath not a workman hands, organs, dimensions, senses, affections, passions? Fed with the same food, hurt with the same weapons, subject to the same diseases, healed by the same means, warmed and cooled by the same winter and summer as an employer is? If you prick us, do we not bleed? If you tickle us, do we not laugh? If you poison us, do we not die? And if you wrong us, shall we not revenge?" To those, if any there be, who would answer these questions in the negative I have no more to say. To them the problem with which this paper deals can be of no concern. They will still continue to believe that the Trade Union movement is out for higher wages and nothing more. But to those who are prepared to regard the workman as a human being, with human feelings and desires and aspirations, it will be clear that it is idle to talk of a good life for the workman if the conditions under which he works, however princely his pay, are degrading to his self-respect and injurious to his moral and spiritual health.

A good life for the workman, then, does not mean simply the provision of facilities for his leisure hours. It means that there must be something good, something worth while, about the work itself. To those of us who are not members of the working class but know something of its conditions, nothing is more saddening, or indeed, I would say, more maddening, than the thought that millions of our fellow countrymen are cut off from one of the chief sources of joy—the joy that it is natural for men to feel in their work. "What he wished most for men in this world," writes Mr. Tom Jones in his recently published memoir of Professor Smart, of Glasgow, "was that they should find their deepest happiness in their daily work." Professor Smart was only echoing what William Morris and John Ruskin had thought and felt before him. It is indeed one of the chief contributions that this country has made to the international Labour movement that its thinkers and leaders have always laid stress on the effect of economic conditions upon human character, and have never despaired of the task, however difficult it might seem, of counteracting the dehumanizing tendencies of modern large-scale production and restoring to the workman something of the dignity, the independence, and the happiness which he enjoyed in the days before the division of labour.

The first step in that direction is clear before us. It is to create conditions which will enable the workman to feel that his work is fulfilling a social purpose. So long as work is looked upon as a charity which the employing classes provide for the workers in order to save them from destitution it is idle to talk of the dignity of labour. Nor is the situation much improved when the structure of industry is set upon a purely commercial foundation and employers and workpeople both agree to look upon it merely as

a means of profit or livelihood. There is a cynical phrase which has lately become prevalent amongst us, though it originates, I believe, like many other business expressions, in the United States. Employers, we are told, are "not in business for their health." The people who use the expression do not usually go on to tell us what employers are in business for if it is not for their health, but they generally let it be inferred what they mean. They mean they are in business for what they can get out of it for themselves. Under those circumstances it is not unnatural that the workers, who often have very good reasons for knowing that they are not in business for *their* health, should act on similar principles. "If you prick us do we not bleed? And if you wrong us do we not revenge?" But, in truth, there is a deeper meaning than those who use it are aware of behind the slang American phrase. Neither employers nor workmen are in business for their own health, it is true, but they are, or ought to be, in business for the health of the community. Every trade and every industry is, or ought to be, serving a public need. That indeed is the only justification for their existence. If people did not want boots there would be no boot industry. If people did not want to travel or to send goods there would be no railway service. If people did not want to write letters there would be no postal service. If people did not go to law there would be no lawyers. If people kept in perfect health and never got old there would be no doctors. There is not the slightest difference in this respect between what are called trades and what are called professions. A postman is as necessary as a doctor; a miner as a lawyer; an engine driver as a clergyman; a printer as a schoolmaster. It is only because of the way we have become used to regarding their work, and more especially because of the conditions under which it is performed, that people regard the services of the working class as in any way less dignified, or self-respecting, or socially useful than those of the members of what are sometimes called the learned professions.

There is, then, no reason in the nature of things why printers, miners, railwaymen, and postal workers should not find as much satisfaction in their daily work as doctors, lawyers, clergymen, and schoolmasters. No work that is worth doing is easy or can be done without toilsome effort. It may, perhaps, seem easier to write a sermon than to set up a newspaper, or to bamboozle a jury than to drive the Plymouth express; but not all so-called professional activity is comfortable or even clean. Chopping off arms or legs is no more pleasant than hewing coal, and managing a large class of unruly boys may be as irksome as sorting letters or trying to decipher the addresses on the envelopes of University dons. The distinction between the trades and the professions is not one between manual work and brain work, for all manual work (except under the Taylor system) involves brain work, and all brain work involves more or less of manual work, even if it

is no more than driving a pen or wielding a cane; nor is it one between work involving education and work involving none, for in the skilled trades, as in agriculture, a good general education is more and more being found to be necessary, while there are professions, at least backwaters of professions, in which extraordinary tracts of ignorance may be found to prevail. The distinction is more and more being seen to be one of idea rather than of fact. It arises out of the part which those concerned feel that they are playing rather than out of their real social function. And this self-respect, or absence of self-respect, is bound up with the question of professional organisation and control of conditions under which the work is done.

The idea that industry exists to perform a social function is still so strange to some people that it is worth while trying to make it clearer by an illustration. Many people still think it no shame to assert that the primary object in the conduct of any trade or industry is to get rich. When we speak of a "successful" business man or manufacturer we do not, I fear, mean in ordinary speech a man who has successfully served the public and supplied its wants, but a man who has grown rich out of the public. The late Sir Alfred Jones is regarded as a successful shipowner because he left a large fortune, not because he guessed that the public would like bananas and succeeded in putting them cheap upon the market. Yet we should be somewhat ashamed of applying the same test to doctors and schoolmasters and clergymen. We do not look up in a reference book to find out what the salary of the Master of Balliol is before venturing to call the good friend of Ruskin College, who has so lately been chosen to that office—what we all know him to be—one of the most successful teachers of our time. Nor do we judge of the success of the Bishop of Oxford as a clergyman by the size of the stipend by which he is burdened. Still less do we apply this scale of measurement to the field of politics and government. We should all regard Mr. Gladstone as a successful statesman. Whatever judgment history may pass upon his policies, he retained the confidence of his fellow countrymen, and was able to serve them longer and more continuously than any public man of his time. Yet how many people know what he got out of it? No doubt he was not in politics for his health, though he lived to be a very old man. But nobody is interested to know how much money he left, or whether he was the richer or the poorer for having been four times Prime Minister. And who is going to apply the miserable commercial yard rule of success to a great public servant like Lord Kitchener?

If anyone doubts that the day will come when the same high standard of public service will be applied to industry let him consider how often the low standard, which we have happily superseded, has been regarded as inevitable in the service of government. In his fascinating book on Turkey Sir Charles Eliot has an illuminating chapter on the provincial government of the

Turkish Empire. Turkish governors, we learn, are like business men, they are not in office for their health. As in the instability of Turkish affairs they are apt not to be in office long, they have to make haste to feather their nest while they are there, which Turkish methods of levying and transmitting taxation render it an easy thing to do. So recognised a practice is this extortion, and so resigned have the people become to it, that their one desire, when a new appointment is made, is not to have an honest governor—for none such exist—but one, as they put it, “whose eye is full”—that is to say, who has already made his pile and is not likely to be so extortionate. This view of the profits to be derived from the public service is not confined to the East. I have no personal experience of English municipal government, but I once had the privilege of spending an evening with a leading Tammany official in New York. He was what is known as a professional politician—surely if we understood the words rightly the noblest of all professions. I remember asking him why he had gone into politics. He told me it was because he was left an orphan with a large family of young brothers and sisters to look after, and it seemed to him the quickest way of making enough money to give them a decent start in life. I wonder how many of those present took office in the Trade Union movement with any such object. Like many other people whose principles are not above suspicion, he was, personally, a most agreeable and sympathetic personality. Like so many employers and workmen in this country, he was the victim of a bad system. Brought up in a selfish school, he never had a chance of realising what public service means.

Industry and politics are two very closely related functions. The object of politics or government is to carry on the public business of the community; to pass the laws and make the administrative arrangements which are needed in the interests of the community as a whole. The object of trade and industry is very similar. It is to serve the needs of the community; to provide the goods and services which are necessary to its existence and well-being. It is, therefore, not at all surprising that the same standard should tend to be adopted in both, and that that standard should conform to the general view of life in vogue in the country. In a community where life is organised on a commercial basis and men's thoughts run in a money-making channel it is natural that politics should tend to become commercialised. In a community where higher ideals prevail and men's thoughts are directed rather towards public service it is equally natural that trade and industry should tend to become, as it were, professionalised; that those whose life is spent in them should think first of the service they are rendering to the community rather than of the material reward to be derived from performing it. We should all agree that the labourer, whether in politics or

industry, is worthy of his hire. The question is whether he does the work for the work's sake or only because of the hire.

But industry and politics do not resemble one another only in their objects. They resemble one another also in their methods. Both have certain work to get done for the community, and in both cases the question arises how that work shall be organised. Both industry and politics are faced by what in politics is called the constitutional problem and in industry the problem of management—that is, the question of who is to be ultimately responsible for the conduct of the work and how that responsibility is to be exercised. In politics, so far as this and most Western countries are concerned, this problem of management has been decided in favour of democracy. The people as a whole have taken into their hands the ultimate responsibility for the conduct of public business, and entrust its direction to Ministers or servants, who are responsible to the people for their acts and policy. In industry, however, the problem of management is still unsolved, or rather it has hitherto been decided in a direction adverse to democracy. The manager in industry is not like the Minister in politics: he is not chosen by or responsible to the workers in the industry, but chosen by and responsible to partners or directors or some other autocratic authority. Instead of the manager being the Minister or servant and the men the ultimate masters, the men are the servants and the manager and the external power behind him the master. Thus, while our governmental organisation is democratic in theory, and by the extension of education is continually becoming more so in practice, our industrial organisation is built upon a different basis. It is an autocracy, but not an untempered autocracy. It may perhaps be described as autocracy modified by Trade Union criticism and interference and by Parliamentary and administrative control.

To say that industry is carried on by methods of autocracy is not necessarily to impute the blame to those who are responsible for the system. It has yet to be proved that it can be carried on in any other way. Nay, more; it has yet to be shown that those who live under the system desire that it should be carried on differently. But the contrast between political democracy and industrial autocracy—between the workman as a free citizen and the workman as a wage-earner—is so glaring that it is obvious to anyone who reflects on it that it cannot indefinitely continue in its present form. Men who have tasted what freedom and responsibility mean in one department of life are not likely to acquiesce in remaining mere irresponsible instruments of production in the industrial sphere. The problem of management, what I would call the constitutional problem in industry, the question as to how the industrial process shall be controlled, is already, and is likely to continue, the burning issue in industrial policy. Thus after our long excursion in the philosophy of politics we are brought back to the practical subject of this paper.

The problem of management is certain to become increasingly acute in the near future as a direct result of the war. Everyone is agreed that the only way in which we can make good the losses of the war and meet the heavy charges incurred is by increasing our industrial efficiency. That involves not only working harder but improving the methods of organising our work. This at once brings us up against the question of management. Broadly speaking, there are two schools of opinion, or two tendencies, on the subject of management. There is the tendency of those who would improve efficiency by concentrating knowledge and responsibility for workmanship in the hands of expert directors, and the policy of those who believe rather in the diffusion of responsibility among the workers. The first tendency is represented by the advocates of scientific management, who propose, in Mr. Taylor's words, that "the management must take over and perform much of the work which is now left to the men," and desire "that there shall be a far more equal division of the responsibility between the management and the workman than exists under any of the ordinary types of management." If you read Mr. Taylor's book you will find that what he means by "a more equal division of the responsibility" is that the management is to do all the thinking and the workman all the toiling; that the scientific manager is to use his head and the workmen merely their arms and legs. This is autocratic rule with a vengeance; it takes one back to the days of slavery and of the Pyramids, or of those Assyrian reliefs in the British Museum where you may see scores of labourers harnessed like animals toiling for the Great King. To use the workman's arms and legs and to ignore that he has a brain is to ruin him as a craftsman and to degrade him as a man. The American official investigators into the working of the system leave no doubt on this point. "Scientific management, fully and properly applied," they write, "inevitably tends to the constant breakdown of the established crafts and craftsmanship and the constant elimination of skill in the sense of narrowing craft knowledge and workmanship, except for the lowers orders of workmen. . . . Some scientific management employers have asserted their belief in their ability to get on a paying basis within three months should they lose their whole working force, except the managerial staff and enough others to maintain the organisation, if they had to begin all over again with green hands. . . . It enables the employer constantly to lop off portions of the work from a certain class, and thus constantly to create new classifications of workers with new conditions of work and pay. Add to this the advantage gained by the employers in the progressive gathering up and systemisation of craft knowledge for their own uses, and the destruction of apprenticeship, which cuts the workers off from the perpetuation among them of craftsmanship, and the destructive tendencies of

scientific management, so far as present-day unionism and collective bargaining are concerned, seem inevitable."

Scientific management breaks down, then, not because of the labour-saving devices of its inventors—many of which may be worthy of adoption—but because of the system of management with which it is associated. Mr. Taylor and his associates may be perfectly right when they are talking of improved tools; it is when they are discussing the government of men that they are at fault. We in this country, if we believe in democracy, are compelled to look for the solution of the problem of management in the opposite direction—not in the management encroaching on the brainwork of the men, but in the men being more closely associated with the management, understanding its difficulties, discussing its problems, and sharing its responsibilities. Our policy must be, not to make output mechanically perfect by turning the workman himself into a mere machine, but to make our organisation scientific in the widest sense by the voluntary and harmonious co-operation of all the human factors concerned. It is along this road, and no other, that we shall reach the industrial democracy of the future, towards which the English industrial idealists of the 19th century—Ruskin, William Morris, and John Stuart Mill—were bold enough to point the way.

Industrial democracy is a big word. Let us try to bring it down from the clouds. What sort of organisation does it mean in actual practice? First, let us make clear what it does not mean. It does not mean handing over the control of matters requiring expert knowledge to a mass of people who are not equipped with that knowledge. Under any system of management there must be division of labour; there must be those who know all about one subject and are best fitted to deal with it. Democracy can be just as successful as any other form of government in employing experts. Nor does democratic control, in the present stage at any rate, involve a demand for control over what may be called the commercial side of management—the buying of the raw material, the selling of the finished article, and all the exercise of trained judgment and experience that are brought to bear by business men on these questions. I do not mean to say that workpeople are constitutionally incapable, as some employers seem to believe, of running a business. The existence of the co-operative movement is a sufficient answer on that point. Some day the Trade Union movement may follow the example of the co-operative movement and go into business—possibly on rather different lines from what is considered business to-day—but at present at any rate the workers' demand for democratic control is not a demand for a voice in the business, but for control over the conditions under which their own daily work is done. It is a demand for control over one side, but that the most important side because it is the human side of the industrial process.

Having thus cleared the ground, I propose to devote the remainder of this paper to showing that the time is ripe for an experiment in one of the principal businesses of the country and to a detailed examination of the changes which such an experiment will involve.

English people are in the habit of believing that ideas are "all very well in theory," but will never work in practice. The reason why ideas which are theoretically sound do not work out in practice is generally because they are applied without sufficient consideration of the conditions of the particular case, or because those who are entrusted with the task of carrying them out are not in sympathy with them. It is clear that not all the British industries are ripe for changes in the direction of democratic control. There are a number of previous conditions which it would be well to satisfy if an experiment is to have a good chance of success. I think we may broadly lay down seven conditions which the business or industry we are looking for should satisfy:—

1. It should be a nationalised industry—that is to say, an industry which is recognised to be a public service and a permanent part of the national life. Such an industry is at once more removed from the atmosphere of commercialism and immune from the dangers, if also from the stimulus, of competition and to liability from sudden changes on the side of demand. It would be possible, of course, to choose a municipalised industry, but a nationalised industry is more likely to yield the broad outlook required on both sides.

2. It should be an industry where the amount of labour employed is relatively large compared with the fixed capital invested, and where prosperity, therefore, depends principally upon the efficiency of the workers. Such an industry obviously affords a better ground for experiments in labour management

On the labour side it should be an industry where the workers are—

3. Highly skilled.
4. Have a relatively high standard of general education and intelligence.
5. Have a high general level of personal character.
6. Where Trade Unionism is well organised both as regards numbers and spirit and has been afforded recognition by the employing authority.
7. Where there are no serious demarcation difficulties between the various Trade Unions concerned.

In the case which I propose to submit for experiment, the case of the Post Office, all these conditions would seem to be fulfilled.

1. It is a nationalised service.
2. The labour force—253,750 in all, or 230,000 on the manipulative side—is relatively large compared with the fixed capital.

3. The work is for the most part highly skilled, as is indicated by the fact that—

4. The great majority of postal workers have to pass a general examination at the age of 16 or over.

5. The *morale* of the service is uncommonly good. In spite of obvious temptations, the number of dismissals from the service is negligible. The average annual percentage of dismissals in the manipulative branch of the service is 0.25 per cent.

6. Trade Unionism is powerful and well organised in spite of the large number of girls employed. Practically all the men are organised.

7. The unions concerned are on good terms with one another and are organised for common action in a National Joint Committee.

How is the work of the Post Office at present organised? There is, as already mentioned, a broad division of the employes between what is called the clerical staff and the manipulative staff. With the clerical staff, which has organisations of its own, I do not propose to deal in what follows. I shall confine myself to the manipulative staff, consisting principally of postmen, sorters, telegraphists, telephonists, and engineering grades, who are represented on the National Joint Committee of Post Office Associations. That Committee consists of the following organisations:—

Name of Association.	Class or Classes Represented.	Official Establishment of Classes.	Membership of Association.
Postmen's Federation	Postmen, assistant and auxiliary postmen.	68,000	51,500
Postal and Telegraph Clerks' Association.	Telegraphists, counter clerks and telegraphists, sorting clerks and telegraphists, telephonists, and learners.	35,000	22,000
Fawcett Association...	Sorters, London Postal Service..	7,021	6,430
Engineering & Stores Association (Postal, Telegraph, and Telephone).	Skilled and unskilled workmen, etc., in Engineering and Stores Department.	13,000	7,000
National Federation of Sub-Postmasters.	Scale payment sub-postmasters.	22,658	9,400

Let us now turn to the organisation of the management side. The control of the Post Office is vested, subject to the supremacy of the Cabinet and of Parliament, in the Postmaster-General and his permanent Secretary, known as the Secretary of the Post Office. The control of the service thus centres in the Secretary's office at St. Martin's-le-Grand. The work of the Secretary's office is carried on under his supervision in six departments, dealing respectively with questions of staff; establishment, including wages, buildings and equipment; home mails (i.e., train and steamer services, etc.); foreign and Colonial services, including

conveyance of mails to places abroad and the international wireless service; telegraphs and telephones. There are also Secretaries for Scotland and Ireland, who exercise a general control over the staff in those countries, subject, however, to the control of the Secretary's department in London. All dismissals, for instance, must be referred to London.

As regards local administration, the country is divided into 14 districts, each of which is in charge of an official called the Surveyor. Surveyors are allowed fairly wide powers of organisation and control, subject, however, in the case of the staff to the right of appeal to the Secretary in London in all cases affecting either an individual or a group of individuals.

Below the Surveyors are the Postmasters. In every Surveyor's district there are a number of Postmasters responsible for the business of the head office and certain sub-offices. Postmasters are given a fairly free hand in matters of organisation, but in the more important matters affecting their subordinates they are required to obtain the Surveyor's sanction.

Let us now turn to the question of the relation between the governing authorities and the staff, so far as staff conditions are concerned. Those conditions are laid down in a series of regulations which may be summarised as follows: The associations of postal employes have been accorded recognition by the Post Office authorities; that is, they are recognised as having the right to represent the interests of individual workers or groups of workers. The conditions under which this right may be exercised are carefully defined by the authorities. The general procedure is for the central office of the association concerned to submit a memorial on the point at issue to the Secretary or to the Postmaster-General. Such memorials are invariably acknowledged, and it is possible for the representatives of the association to meet the authorities at periodical intervals to discuss matters already submitted in writing. The matters on which the associations are free to submit memorials are defined as "general questions relating to the conditions at work, i.e., wages, hours of duty, leave, meal reliefs, etc." Memorials on local questions and on individual questions other than those affecting discipline or the conduct of supervising officers have to be submitted in the first instance by the local branch of the association concerned to the local responsible official (i.e., the Postmaster or Surveyor). The local official first deals with representations, and, failing satisfaction, the association is at liberty to carry the matter further to headquarters and obtain a reply. No memorials are allowed to be submitted on questions relative to promotion. The liberty of action of the associations is also limited in the case of questions of discipline. The provision in this connection is sufficiently important to be quoted in full:—

"Memorials respecting disciplinary measures that have been taken against individual officers may be submitted to the

Secretary or the Postmaster-General by the central body of the association in serious cases, where appeals by the individuals, made first to the local authorities and then to the Secretary or Postmaster-General, have not been successful, and where the central body have satisfied themselves by a full investigation of the circumstances that they can present new facts or considerations which render further review desirable."

It will thus be seen that the Trade Unions are put in the position of a sort of permanent and official opposition. Their function is not to co-operate with the management, but to criticise, not to prevent complaints, but to endeavour to remedy them; and in certain cases, such as discipline, where feeling is likely to run highest, they are precluded from interfering till the matter has already been declared upon by the Secretary and has become the subject of serious and probably bitter controversy.

How can this system of management be modified in the direction outlined? An attempt will be made in the following remarks to suggest how this might be done. The object of the reforms suggested is not to revolutionise the organisation of the postal service or to turn the Department upside down; it is to take the existing organisation as it stands and to make the least possible change compatible with granting to the staff that measure of responsibility which is increasingly felt to be necessary in order to secure the efficiency and harmony of the service. I am indebted in what follows to my friend Mr. J. G. Newlove, a distinguished ex-student of Ruskin College and now General Secretary of the Postal and Telegraph Clerks' Association, who has given much time and thought to the improvement of the service with which he is connected, and is willing to accept full responsibility for the constructive side of this paper.

The first suggested change is that machinery shall be set up which will give the central bodies of the associations representation on a committee of each branch of the Secretary's office. Where the interests of each grade are peculiar, as in the establishment branch, there should be a representative of each grade; where their interests are identical, as on building questions, less would suffice.

Similar machinery should be set up in each Surveyor's district. Advisory Committees should be formed to discuss with the Surveyor questions of policy affecting his district, and these committees should contain a representative of each grade to co-operate with the Surveyor's staff.

Passing down to the individual office—what corresponds in other industries to the "workshop"—it should be one of the duties of the Postmaster to consult with representatives of the staff on all questions affecting the particular office. This should extend to all questions without exception which affect the office as a whole, for all such questions must in some way reflect on the

organisation of the office. Even a matter like complaints from the public can be traced back to office organisation.

A difficulty arises at this point as to the procedure in very small offices. The associations find by experience that it is often difficult in such offices to find a local secretary who is sufficiently well trained to deal with questions of policy. Yet it is just in such small offices that precedents distasteful to the staff are apt to be created. Such offices, therefore, require special treatment, and it is suggested that a representative of the Executive of the associations should be able, if necessary, to act as a medium of advice for the smaller offices. It might prove desirable in this connection to rearrange the boundaries of the associations' districts so as to harmonise them with the Surveyor's districts.

This procedure is in itself no great innovation. Many Postmasters do already adopt means of consultation with their staff, and are indeed definitely encouraged to do so by the rules of the Department. The new arrangement will merely serve to regularise this and to level up the procedure in the various offices. It is not suggested that the new committees shall have a deciding voice. Where no agreement can be reached in them the decision must continue to rest, as now, with the supervising authorities. If on matters of importance a policy were to be adopted contrary to the wishes of the associations it would always be possible to them to reopen the matter through their annual conference and to approach the Postmaster-General as at present. But the criticism which they would then bring to bear would be bred of inside knowledge, and it would of necessity be constructive rather than critical in tone.

This change of spirit would be likely to apply in special degree to questions of financial policy. One of the chief functions of the new central machinery would be to discuss questions involving expenditure, and in particular questions of wages or salaries. The procedure at present in this connection is not satisfactory. No scheme involving fresh expenditure can be adopted until it has been approved by the Treasury. The present method of dealing with such schemes is to refer them to a Parliamentary Committee of Inquiry. The members of such Committees are necessarily not conversant with the whole inner working of a huge organisation like the Post Office, and are, therefore, unable to form a judgment at first hand on the problems submitted to them for decision. They must inevitably rely for their special knowledge upon the high officials of the Department. This, it will be seen, naturally tends to place those at present responsible for the policy of the Department in a preferential position as compared with the representatives of the staff. As under existing conditions the Department is bound to consider the interests of the taxpayer, its natural rôle is that of opposition to increases in pay. This is intensified by the fact that the Post Office is run at a considerable profit, amounting to no less than £6,000,000 in

the last year before the war, and that there is a tendency to adopt purely commercial standards of successful administration. If the procedure by Parliamentary Committee were abandoned and questions of wages and conditions were threshed out on the proposed central committees before being submitted to a Parliamentary body for ratification, or final decision in cases of disagreement, the arrangement would work more fairly for all parties concerned, including the Treasury. The elimination of friction and the consequent increase of *esprit de corps* should go further towards true efficiency and economy than the existing methods, lending themselves, as unequal contests always do, to undesirable and often unpleasant methods of influence and agitation. If it were found possible not to pay the profits of the Post Office into the ordinary revenue, but to earmark them for special purposes of social usefulness, in the choice of which the associations might have a voice, this would remove any feeling on the part of the staff that they were being "exploited" in a commercial spirit, and would act as a strong incentive to use every effort to improve the service.

This brings us to the functions of the central and local committees. The most important and difficult of these would be the discussion of questions of discipline. Discipline is really the crux of the whole change of method and spirit proposed. The existing rule, which forbids the associations to interfere except after judgment has already been passed both locally and at the centre, is based on the root principle of the old system, that power is exercised from above and that the prestige of the ruling authority must not be infringed. It is also based upon reasons of practical convenience in that most men extremely dislike the responsibility of sitting in judgment on their companions and workmates. If the associations are to receive the right of co-operating with the supervisory staff in dealing with cases of discipline they will be assuming responsibility for giving what must sometimes be very unpleasant decisions against their members. But because a thing is unpleasant there is no reason for not facing it. Democracy involves the extension of responsibility in things pleasant and unpleasant alike. If the associations were ready to deal with pay, but shirked dealing with punishment, they would be false to their principles. Fortunately, the number of serious cases which arise in the service is extremely small, but these are just the cases which the associations ought to deal with. The best arrangement would seem to be to leave minor breaches of discipline to be dealt with as at present by the individual Postmaster, but that serious cases referred by him to the Surveyor should be dealt with by the Surveyor's committee, where the representatives of the association would be less subject than on the local committee to the bias of personal feeling. Matters dealt with by the Postmaster would be brought before the association through the local committee if it were found necessary.

Questions of recommendation for promotion should also be dealt with by the Surveyor's committee. Promotion and discipline really hang closely together; both involve difficult decisions and the danger of heart-burning. But there seems no way out except through the extension of the principle of responsibility.

As regards the rest of the committee's work, it can be summed up under the general heading of "conditions"—hours, leave, meal reliefs, improvements in office equipment, etc. Most questions of this kind would be settled locally. Only questions of principle would be referred to the central committee for decision.

Such, in brief outline, is the way in which the principle of democratic control might be introduced into the largest single business in the country. The changes suggested may seem modest in scope, but they would be far-reaching in effect. The Postmaster-General who had imagination enough to adopt a scheme of this nature would be conferring a benefit alike on the postal workers, the Labour movement, and the whole nation. To the postal workers the change would bring a new sense of dignity and self-respect and satisfaction in their work, and, more important perhaps even than these, it would leave them free to exercise their citizen rights as pure citizens without the constant temptation to use political influence as a means for remedying grievances arising out of their employment under Government. It would thus be a charter not only of economic, but of political emancipation. To the Labour movement it would be an example and an inspiration to apply the same principle of responsible democracy to the far more difficult problems of private employment which still lie unsolved before it. To the community it would mean a transformation in the spirit of one of the chief of those public services on the efficiency of which we shall be so much dependent in the work of national reconstruction after the war. A keen, willing, and enterprising Post Office can be of far more service to us than we realise at present. But most of all the community will benefit from the knowledge that the qualities of mind and character necessary to the working of self-governing institutions are not confined to any one class or section, that democracy is a plant which, properly tended and safeguarded, can grow and prosper in other than its familiar soil, and that our country, which has led the world in the institutions of politics and government, is ready and eager to apply the same enduring principles to wider and wider fields of public business.

QUESTIONS.

In answer to a question as to scientific management: I do not deny that the persons responsible for scientific management are geniuses in their own field; they have made valuable discoveries in the application of tools and labour saving devices. But I think the use of such systems requires very careful watching, and I see no hope from introducing them into this country except with the co-operation of the Trade Unions.

Mr. MUNDY (visitor): Do you think the same stage of efficiency can be reached by co-operation as by scientific management if used on the best lines?

Answer: Yes, far more. The improved human organisation of a business will produce much more effective and far-reaching results than mere mechanical improvements.

Mr. SHAW (Weavers' Amalgamation): Does the lecturer know anything of the highly specialised works that exist in America, and has he seen anything of the dehumanising conditions of those workshops?

Answer: I went over one on Mr. Taylor's recommendation. I remember meeting a manager there who told me that he had not only increased the speed of every operation in the shop but had taught himself to shave in half the time. I cannot say I was favourably impressed with the effect on the men. It is mainly a question of money—how much more can they earn.

ANOTHER DELEGATE: Will it not be necessary in the first instance, our social system being competitive, in order to introduce these changes which we all advocate, to internationalise Trade Unions before we can put into practice those measures which will give to the worker the profits of his labour?

Answer: I am in favour of international action, but I do not believe that the suggested reforms are going to put us at a disadvantage in competition with other nations.

Is it possible to humanise industry so long as it is carried on for private profit?

Answer: It is possible to begin making experiments now. In my opinion this question of increasing the control of the workers is more important than the question of public ownership. It hits the workers every day and hour, but of course I fully admit the importance of the other problem.

DISCUSSION.

Mr. W. STRAKER (Northumberland Miners' Association):—

If to be a critic is merely to find fault or even to play the "Devil's Advocate," as I thought Mr. Shaw was doing yesterday, I shall not be a good critic, because I agree so much with what Mr. Zimmern has read.

It seems to me fitting that Mr. Zimmern's paper has been reserved for Sunday morning. On Friday and Saturday it seemed to me that we were the most material of materialists, resolving all our problems into £. s. d. We were also in a peculiar sense millionaires—we thought in millions, we spoke in millions, and we threw millions about as though we handled them every day. The unfortunate thing was that all our millions were millions of debt.

This morning, however, Mr. Zimmern has been dealing with the problem of life, more life and how to obtain it—how to make the material circumstances of our being conducive to soul development, character building, or, as Mr. Zimmern put it, to fit us for the good life.

The problem with which he is dealing is not a new one, as the previous problem was, it having been created by the war. This problem with which Mr. Zimmern has been dealing seems to me to have been coming into prominence more and more from the time of the commencement of the present industrial system. With that system the old relationships of employer and employed were completely changed. Instead of the individual employer who might or might not have a soul, we have got the soulless company of shareholders; and instead of the individual workman seeing the completion of the article in which he took considerable pride, so that when he had finished it he could say, "I have produced it," his individuality has now largely been swallowed up in that of thousands of others, because each only produces a small, disconnected part of the article he is engaged on. How to restore that pride and interest and soul satisfaction which Mr. Zimmern has spoken of is the problem.

With his philosophy I am totally in agreement. I do think, however, that he was just a little hard on Messrs. Taylor and Cox. Doubtless these men did honestly try to measure and tabulate economic forces. Their mistake was to forget that even for the purposes of the market men are more than animals, and human labour is more than an ordinary commodity, merely to be bought and sold under the law of supply and demand.

It seems to me that the worker must realise the moral difference between doing a thing well and doing it badly. He must realise that that difference must be measured by other values rather than by the mere consideration of what he is to be paid for it. Still, notwithstanding that, he must also feel that he has some sort of security of tenure in his employment. I know of nothing more demoralising to a man than the feeling that at any time he and

his may be thrown on to the streets almost to beg for bread owing to the whim of some petty tyrant. He must also feel that his efforts to be an efficient worker are not to be confiscated nor himself become the victim of his own efforts.

Last night we were talking about paying for the war, and it was suggested, and quite rightly, that in order to do that we must increase our production, but this brings us up against one of the greatest problems that the Trade Union, and especially the Trade Union leader, has to face. Under our present system of remunerating labour, wages are the measure of the workman's share of that which he and others produce, and, generally speaking, wages are governed by the price of the commodity he is producing. When production increases the supply is increased; and just because of that, at the time when there would be more for all and more for each, the price commences to fall, and just as the price falls his wage also falls, and instead of sharing in the greater plentifulness of commodities, which he has produced, he finds that he has a less share than he had before. I know this finds its level in the long run, but what the Trade Union leader has to face is the short run. He sees that section of the labour world, for which he feels a peculiar responsibility, being sacrificed by the system under which the labourer is remunerated for his labour. What wonder, then, that at such times he takes the short cut, and argues that as it is an increased supply which has reduced his wages and the workers' share, the shortest method is to reduce the supply, in other words, limit production and so keep up prices? How to get over that difficulty under our present system of remunerating labour is one of the great problems that Trade Unionism has to solve.

I agree that the workman's place, as an intelligent interested party in production, must be accepted as part of the future control of industry. He must feel that he is more than a mere machine to be driven at the will of another; his will and his intelligence must be part of the controlling and managing influence of the industry in which he labours if we are to get the highest and best out of his skill and labour.

Probably I know more about the mining industry than about any other, and, therefore, I have noticed that recently the Government has appointed a Special Committee to deal with the coal trade after the war. On that Committee they have appointed coalowners, coal merchants, and coal shippers, but coal miners are conspicuous by their absence. It is quite evident that the Government has not yet realised that the working man is more than merely a wealth producer for others.

The worker to be intelligently interested in his work must have a knowledge not only of the technical side, as Mr. Zimmern has put it, but also of the commercial side of the industry. I remember some years ago making a suggestion to the Northumberland coalowners, and I think they will compare favourably with other

employers, that profits should be a factor in determining wages, but we were told on that occasion that that was a thing with which we as workers had nothing to do—that it was a matter for them and them only.

It seems to me a great reflection upon the co-ordination of industry in a civilised community that part of its business has, by one party, to be carried on in secret and scrupulously kept from the knowledge of another party in it. If business has to be done in secret, and even the workers are not allowed to know the final disposal of the commodity they produce, it will not make for human welfare and for that good life which the lecturer spoke of.

We have probably had during this war councils and consultations with workmen in connection with industry more than we ever had before. This has been found necessary in all industries to get the greatest amount of production. While the Government has acknowledged the place of the worker to a certain extent in helping on the wheels of industry, I do not think that the private employer has taken or will take kindly to the innovation: the co-operation that has been suggested appears to me to be yet at a considerable distance. Mere blind self-interest, however, cannot always be allowed to stand in the way of progress, so that the State may find it necessary to take a greater responsibility than hitherto in bringing these changes about, even to the extent of State ownership of our principal industries.

During this week we have heard a good deal about the necessity of greater power being in the hands of Trade Unions. I agree with that entirely, but power implies responsibility, and to discharge responsibility intelligently implies education. If I have a fault to find with Mr. Zimmern's paper, it is that he has not, to my mind, insisted enough, in his paper, upon education in order to fit the workers for that higher and better life he desires for them.

Some years ago a professor in the Armstrong College at Newcastle said that we must have the best brains to the front. I think we all agree with this, whether the best brains happen to be in the cottage or in the castle. Education seems to me to be absolutely necessary in the interest of the workers themselves. Every Trade Union leader knows that the ignorance and petty jealousy of his members is his despair. There can be no progress in the Labour or the Trade Union movements without a greater knowledge and a better education. But when we come to think about the country's position we raise the question to a higher level than any mere class consideration. Then education becomes all the more imperative.

When this war is ended the struggle of nations will not cease. Competition will still go on for a long time yet. An ignorant people is a weak people, and in that coming economic struggle, which may be as bitter in the future as ever it was, we must, in the interest of the country, have the best brains at the front,

whether there be private money in combination with those brains or not.

The control of industry of the future must be a much more intelligent thing than in the past. Workmen may have far too little economic knowledge, but I have found as great an economic ignorance among the employing class as among the labouring class. I want the worker, when he comes into control, to know far more about industry and commerce than even the ordinary employer does at the present time.

The worker to have control must not merely know one side of the industry, he must have an opportunity for what I may call a full industrial education, an education which will enable him to understand all the pre-things—the things which go before the material which he is handling day by day in his own industry. He must know all about the raw material on which he works, the source from which it comes, where and how it is produced, and the condition of the people who are engaged in producing it. He must also understand the road by which it comes from its source until it reaches his hands.

He should also know all about the after-things in connection with it, the purpose of the commodity he is producing, its destination and the road it has to be sent to reach it.

This would enable him to realise his own place and part in the great hive of industry. So long as he merely understands one small section of that industry he will not realise that higher life which we aim at securing.

I urge the necessity of education; I would insist upon it if I could. The working man's education should aim at the technicalities of the commercial side, but in order that his soul may not be lost in the technicalities of commercialism he must know the physical, moral, and mental condition of the people dealing with these pre-things I have spoken of and the after-things I have referred to. He must recognise the common brotherhood of man, and thus be saved from the temptation which circumstances may place in his hands of improving his own position at the expense of his less fortunate brethren.

I will not attempt to criticise the lecturer about what he said regarding the Post Office, because I know too little about it. Doubtless Mr. Zimmern has chosen it for his illustration as offering the least resistance to the experiment, but I would say that even if it were proved to be successful in our postal system I am not sure but that it could then still be argued that what has proved a success there could not possibly be successful in our great producing and manufacturing industries. Therefore I would prefer that we proceed to the establishment of joint consultative committees in the great national industries with full recognition of Labour. But, after all, there may be specialisation in the Trade Union and Labour movements, and leaders might be able to take part in consultative

committees of this kind and still leave the rank and file of the movements just as ignorant as they were. Therefore, I would that the workers had this full industrial education in which I feel quite sure that in the future Ruskin College will play a great part.

Mr. COLE (visitor): I want mainly to deal with one point made by Mr. Straker. He seemed to me to advocate profit-sharing, but I do not think he intended to mean that. If you get profit-sharing you simply get the workers into partnership with the owners to exploit the whole community. I do not think the workers want to do that; they ought to refuse to have anything to do with profit making. We want a joint control between workers and State; we want a business carried on by the workers and checked by the community; and what the public should demand is not absolute control but simply that check. The worker should be free to control the industry in which he works. We want full partnership between the community and the workers in the carrying on of every industry.

Mr. NEWLOVE (Postal and Telegraph Clerks): Many movements in the Trade Union world have been wrecked simply because we contented ourselves with talking about them. What we want, in regard to the control of industry, is not to spend all the time in talking, but to think out details. If we talk only we shall not get very far. It was suggested to me to endeavour to work out how the principle of control could be made to fit in with the general principles in the Post Office, with which I am mostly concerned, and it is up to every one of you who agree with this principle to work out in your own particular industries the general principles of control. My scheme for the Post Office is not practical for the engineering trade. In the Post Office you have a national monopoly; in engineering you have competitive firms to deal with. Although the general principles can be applied to both, the details must be different.

Mr. SEDDON: The principle of industrial committees has been set up in the case of mines, but the miners are not represented. I am not here as the Government's "Devil's Advocate," but in this case the fault lies with the miners' representatives themselves. In the early stages of the war the Government came to organised labour, and said "Give us of your help." In the applying of the munition workers' conditions they appointed seven members of the Trade Unions to assist. If, in the nation's extremity, the Trade Unions were so valuable, and responded to the country's call, why not insist upon confidence in them being projected into the question of settlement after the war?

I am glad to see that some unions have taken the bit between their teeth, and have forced the hands of the Government. Mr. Runciman set up a Departmental Committee to deal with the steel trade of this country, but he absolutely ignored the workers. The

representatives of the Union appealed to Mr. Runciman; but he said it was impossible to co-operate with the Union because the employers would not give their secrets to the workmen. The men's representatives then said, "Unless we are co-opted with the employers we will take our own course, and, whatever the employers do after the war, we will repudiate it if it does not fit in with our demands." Consequently, Mr. Runciman was forced to alter the constitution of his committee, and at the present moment three representatives of the men are upon the Steel Commission with the employers of that industry. What the steel workers can do, the miners or any other trade can do.

As to Mr. Zimmer's paper, it seems to me it falls into two categories. It has an immediate object and a future object. We have to reconstruct for immediately after the war. We cannot reconstruct the world in a great catastrophe like this. You may change your system, but we have immediately to take steps to recover our fortunes, and we must recover them along the lines which shall bring to the worker his due. We want something on practical lines of a scientific nature. We do not want the scheme which Mr. Taylor made. We want something that will eliminate all waste, and yet not destroy the human soul in the reorganisation. We also need to remember that what the everyday worker does want is higher wages and security.

MR. ZIMMERN'S REPLY.

I am very grateful to you for the way you received my paper. The last part was largely due to Mr. Newlove. I thought it better to give a detailed example of one industry and leave you to draw your own conclusions, and I hope that as a result of this morning's discussions something practical may arise, not only in the Post Office but also in other spheres.

I did not mean to say anything against higher wages or against security. It is highly probable that by my methods you may get both. As to security, Mr. Straker spoke of men being dismissed at the whim of some petty official. This system does provide safeguards against that sort of thing. In cases of misconduct the postal employees will sit in judgment, so that industrial control of the kind I suggest does provide security, and it provides something else which is far more valuable.

I did not mean for a moment to ignore education. I tried to make it clear in the earlier part of my paper that I regarded every industry in the light of a profession. The miner is as much a professional man as a lawyer, and I took it for granted that there is such a thing as a professional education for the lawyer and the miner, and I think Trade Unions should do very much more than they do at present in this question of training for entry into their trade, and I am glad that this point has been brought out. You

will have great trouble so long as you allow young and badly trained children to enter your industry without any check.

Mr. Straker said that the Post Office was different, in relation to the ideas put forward, from privately owned industry. If you think it out, the suggestions I made for the Post Office are on the same lines as the suggestions put forward by Mr. Greenwood for Joint Committees in connection with industry, only Mr. Greenwood did not go so far in detail. I absolutely agree with Mr. Greenwood, and I hope the Trade Union movement will take up the question of Joint Committees.

Mr. Seddon said that a moment of great catastrophe like this was not a suitable time for reconstructing our industrial system, but it is just the moment for taking large and broad views of reconstruction. It is the time for turning over a new leaf; just as in this University, while the students are away and there is a break in its life there is a wonderful opportunity for introducing new ideas. The industrial life of the country is in the same position. People are taking wider views, are facing possibilities which they would have dismissed as stupid dreams three years ago, and if we are wise and courageous enough we shall use this catastrophe to fit ourselves for something greater and better than has existed before.

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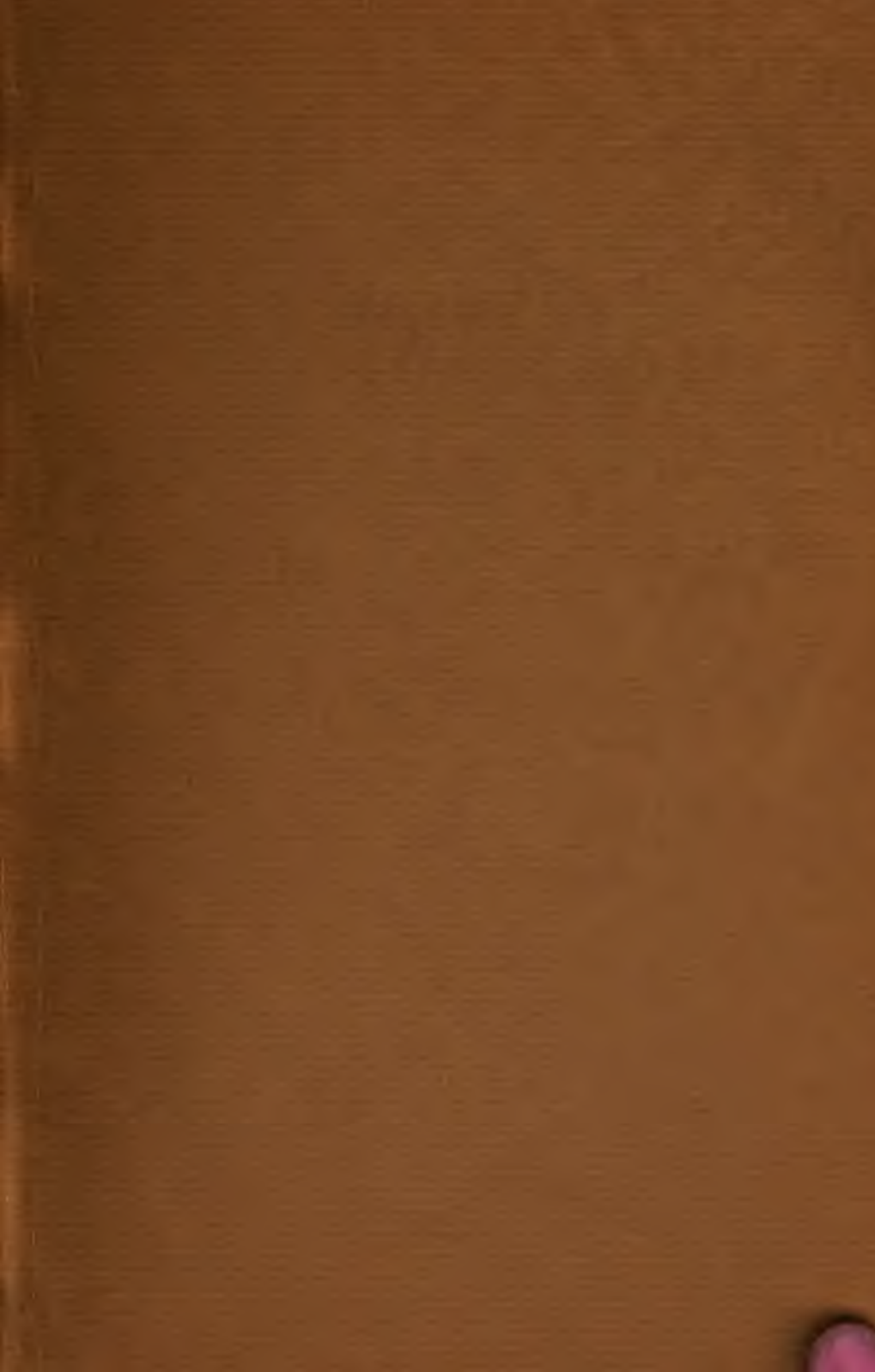
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